Daily Report

Latin America

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Thursday
9 May 1991

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FBIS-LAT-91-090 *9 May 1991*

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NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

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Cuba

Soviet Ambassador Comments on Future Relations

FL0905004591 Havana Radio Rebelde Network in Spanish 2300 GMT 8 May 91

[Text] I am reporting from the Cuban-Soviet Friendship Association where a meeting is being held on the occasion of the 31st anniversary of the reestablishment of our relations with the USSR. Alcibiades Hidalgo, acting Cuban foreign minister, and Arnaldo Tamayo Mendez, president of the Cuban-Soviet Friendship Association, as well as other party and government representatives, are in attendance for the Cuban side.

Yuriy Petrov, ambassador from the sister nation, made exclusive remarks for this program in response to my question regarding the future of our bilateral relations.

[Begin Petrov recording in Russian with simultaneous Spanish translation] Of course, there have been different stages throughout these years but we can surely say that we always go forward, that our relations have always been developing. Our people's are separated by distance but they have become closer every year. The future is always based on the past. Our relations have a solid foundation and I am sure that the future is equally good. The Cuban and Soviet people are facing problems and difficulties but there is a will to overcome them. There is the wish to do so. I am certain that together we will know how to overcome those difficulties. [end recording]

IRC Donates Microwave Link Equipment

FL0905021591 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 9 May 91

[Text] The International Red Cross [IRC] has donated a microwave link to facilitate communications in the work of the humanitarian organization.

The equipment, donated by the IRC, was installed here because of the need to report on the constant arrival of Haitian and Dominican emigres to the Maisi coast. The emigres are supervised and provided services by this humanitarian organization. To give you an idea, from 1988 to date, 8,550 emigres have arrived at Guantanamo; 1,100 of them have been sent back to their countries of origin in 24 flights arranged by the International and Cuban Red Cross.

The geographical location of the province was considered. The province is located in an area that makes it easy to contact several countries in the area included in a similar IRC program. Havana and now Guantanamo are the only ones to have this service in Cuba.

[Begin recording] [Unidentified reporter] I understand that the installation of this equipment responds to a program the IRC has with area countries.

[Unidentified speaker] Yes, it responds to a program [words indistinct] situations of armed conflict or disasters such as earthquakes, typhoons, floods, and shipwrecks. A link with all these countries is needed. The IRC is prioritizing this. [end recording]

Havana Notes Hungarian Economic Situation

FL0805190591 Havana Tele Rebelde Network in Spanish 1700 GMT 8 May 91

[Text] In the next few days the people of Hungary are facing new increases in the prices of basic goods and services, according to today's MAGYAR HIRLAP. Electrical rates, and coal and gas prices will rise as a consequence of the drastic reduction of state subsidies, which will worsen the living conditions of the poorest sectors in the country. Official statistics indicate that in Budapest alone hundreds of thousands of families face the possibility of being penalized for not paying for public services. The new increases must be added to the increases in electricity and telephone rates and the rise in the cost of medicine. MAGYAR HIRLAP foresees, as well, an increase of 85 percent in the price of schoolbooks.

Inter-Caribbean Affairs

CDB Head on Caricom; SDF Contributors

FL0905001091 Bridgetown CANA in English 2122 GMT 8 May 91

[Report by Rickey Singh]

[Text] Merida, Mexico, May 8, CANA—The Caribbean Development Bank [CDB] is winding up its 21st annual board of governors meeting here with the good news that its Caribbean Community (Caricom) members have significantly helped to place it within reach of its U.S. 124 million dollars replenishment target of its Special Development Fund (SDF) for the next four years.

This new, third cycle SDF, to be implemented from 1992, includes U.S. 89 million dollars from the CDB's major aid donors within the group of OECD (Organisation for Economic Co-operation and Development) countries and, for the first time, approximately U.S. 20 million dollars from Caricom and British dependencies in the Caribbean region.

This grant aid SDF package is to be used by the CDB to provide loans on generous concessional terms for various development programmes, with a special focus on alleviating poverty and enhancing basic needs programmes. The Caribbean's contributions is virtually double the total pledge for the current second cycle SDF which ends this year.

CDB president, Sir Neville Nicholls, speaking to CANA [CARIBBEAN NEWS AGENCY] before the formal opening ceremony Wednesday of the two-day board of governors meeting, said that while the total firm pledge so far amounted to U.S. 116.4 million dollars—or

approximately U.S. 7.6 million dollars below the original target of U.S. 124 million dollars—he was "very pleased" by the positive response by the Caribbean borrowing countries. The CDB, he added, "remains very thankful" for the continuing support of the SDF by major donors from the OECD countries.

Three of the four Caricom prime ministers who are ministers of finance and members of the CDB board of governors, are participating in the bank's 21st meeting which concludes Thursday. They are Prime Ministers Erskine Sandiford of Barbados; John Compton of St. Lucia; and James Mitchell of St. Vincent and the Grenadines. Absent is Prime Minister Eugenia Charles of Dominica.

Representatives of the OECD group admitted to being "pleasantly surprised" by the Caribbean response to the SDF's third cycle replenishment. Their own contributions fall short by U.S. 3 million dollars of the U.S. 92 million dollars the CDB had originally expected in its proposal for "burden sharing" by its borrowing and non-borrowing members.

Of the overall total pledge of U.S. 89 million dollars by the OECD members, Britain and Canada will be providing U.S. 20 million dollars each—a 33 per cent increase in their previous SDF contributions—while France, Germany, and Italy will each contribute U.S. 14 million dollars—a 40 percent increase—Netherlands U.S. 7 million dollars, also a 40 percent increase.

Trinidad and Tobago's U.S. 3.8 million dollars and the U.S. 2.16 million dollars each from Barbados, Guyana, and the Bahamas all constitute a 54 percent increase over their contributions to the current second cycle SDF. Belize and the independent countries of the Organisation of Eastern Caribbean States (OECS) have increased their contributions from U.S. 250,000 dollars to U.S. 650,000 dollars each—an increase of 160 percent; and the dependent territories—Montserrat, Turks and Caicos, Cayman Islands, Anguilla, and the British Virgin Islands—will now be contributing U.S. 250,000 dollars each, an increase of 150 percent. Official confirmation of pledges from Montserrat and the Cayman Islands are still being awaited.

The three regional non-borrowing members—Mexico, Venezuela, and Colombia—were each expected to contribute U.S. 5 million dollars. Mexico did. Venezuela pledged U.S. 3.3 million dollars with promises to explore the possibilities of meeting the full amount within the period; and Colombia has indicated that it would soon give a favourable response.

Nicholls said it was a "tribute to the new spirit of self-reliance" being promoted by the Caricom borrowing countries of the bank that the CDB had come so near to realising its target for the next four-year cycle of the SDF starting in 1992.

"If we are to meet the major challenges facing this region at a time of rapid changes," said Sir Neville, "then this is the kind of attitude we need from the governments of the Caribbean countries—a preparedness to share limited resources for the benefit of the region...."

In the case of Trinidad and Tobago, Barbados, Cayman Islands, and the Bahamas, which belong to the "Group A" category of the bank's borrowing members, they were singled out for praise by Nicholls, since they were net contributors to the SDF—putting more than they would derive in benefits.

This time around, the CDB has been urged by its major donors of the OECD group to place greater emphasis on projects that could alleviate poverty, contribute more significantly to the development of women; environmental protection, and skills training. The bank president said the CDB would have no problems in making some adjustments to achieve the "special focus," as suggested by the donor members since these would be in keeping with the "new development thrust" of the region and the institution to keep up with changes in the decade of the 90's.

Continued Recession Forecast

FL0905010091 Bridgetown CANA in English 2223 GMT 8 May 91

[Report by Colin King]

[Text] Bridgetown, Barbados, May 8, CANA—World recession which contributed to slow economic growth in most English-speaking Caribbean countries last year, could create continued or deeper recession in the region this year, the Caribbean Development Bank (CDB) forecast Wednesday.

"In this environment where demand for major regional exports of goods and services could decline, and import prices could rise steeply, the immediate policy concern will be demand management with policies geared specifically to curb both public and private expenditure," the CDB said.

The economic review in the CDB annual report released Wednesday said regional policy makers needed to find the right tradeoff between unemployment and reducing inflation and balance of payments deficits, both of which "have implications for the maintenance of living standards." The release of the annual report coincided with the start of the bank's annual board of governors meeting, taking place this year in Merida, Mexico. CDB has it headquarters in Barbados.

The bank said that with the exception of Anguilla, Belize, Dominica, and Montserrat, growth in Borrowing Member Countries (BMC's) either slowed or remained negative in 1990. The expansion in Dominica and Montserrat reflected the impact of reconstruction and rehabilitation after Hurricane Hugo in 1989, and was simply a "restoration of output to previous levels."

"Given the predictions for pervasive low rates of economic growth in the OECD (Organisation for Economic

Co-Operation and Development industrialised countries) the recession which appears to be affecting most BMC's is expected to continue and possibly deepen in 1991," the bank said.

Tourism in 1990 indicated "modest growth" in arrivals, but a shift from stayover visitors to cruise passengers; sugar output recovered with a 16 per cent increase; bauxite production grew but slower than 1989; and petroleum production rose modestly, with windfall gains during the Gulf Crisis.

The bank noted an intensification of structural adjustment throughout the region in 1990. "Even countries without an IMF (International Monetary Fund) supported programme implemented measures targetted primarily at the achievement of sustainable growth, improved fiscal performance, elimination of external imbalances, and controlled inflation," it said.

Barbados ended seven years of expansion with a 3.5 per cent decline, after balance of payments problems and the continuation of credit restrictions which halted the strong 1989 growth in the non-tradeables sector.

Of the three countries with IMF-supported adjustment programmes, the bank reported estimated 2 per cent growth in Jamaica, down from 2.5 in 1989; 0.7 per cent growth in Trinidad after decline in previous years; and 3.5 per cent decline in Guyana, with indications that the rate of decline there may be slowing.

"The situation in these three countries coincided with the intensification of economic policies to correct structural imbalances. These measures included devaluation to restore export competitiveness, tax reforms and wage moderation to reduce the fiscal deficit, and di[illegible]stment and economic costing of services to improve public sector efficiency."

Some other countries without IMF programmes "placed considerable emphasis on reducing fiscal deficits, regarding such imbalances as being the major impediment to strengthening the balance of payments," the bank noted.

Debt rescheduling also "formed a major component of the demand management and structural adjustment" as some countries experienced debt levels several times their annual output of goods and services, debt service equal to a large share of export earnings, and a build-up of arrears. According to the bank, rescheduling provides only temporary relief for "crippling" debt service payments for some economies and further initiatives, such as debt forgiveness by Canada, Britain, and the U.S. had to be pursued.

Reviewing tourism, the bank said available data suggest "modest growth in visitors.... but a marked shift in the composition of the market, with a number of destinations reporting a sharp drop in stopover arrivals being offset by a steep rise in cruiseship passengers."

Declining economic conditions in the U.S. and other markets and competition from Latin American destinations were reflected in "fairly modest growth" in arrivals, except for strong performances in Anguilla, Dominica, Grenada, Jamaica, and St. Vincent and the Grenadines. The bank suggested an effort over the medium term to retain market share, promoting specialised tourism, and providing consistently high quality service at competitive prices. Linking of stopover and cruise visitor markets, and cruise visitor use of shore facilities should be examined and encouraged, the bank added.

The regional sugar industry ended a declining trend with an 18 per cent increase. The performance was helped by 22 per cent increases in Trinidad and Belize, which counteracted 21 and 40 per cent declines in Guyana and St. Kitts respectively. "Regional sugar production over the medium term will take place within an environment of growing uncertainty regarding the future of the preferential market for the industry and signs of a stabilisation or possible decline in world trade," the bank said.

The banana industry recorded an overall 13 per cent rise in exports, linked to strong performances by Jamaica, Dominica, and St. Vincent and the Grenadines after hurricane rehabilitation in 1988 and 1989. According to the bank, banana producers negotiating for continued preferential access to the United Kingdom as a single European market nears must grapple with a critical need for improved quality and efficiency.

Bauxite production rose by 15 per cent, after a 25 per cent increase in 1989, but prices fluctuated during the year to end only U.S. 150 dollars higher than the three-year low of 1,400 dollars a tonne when the year started.

"Abstracting from the consequences of the Gulf Crisis, the outlook for the first six months of 1991 is for the world aluminum market to remain weak. Recession in the OECD countries will continue to depress demand," the bank said.

Of the two oil producing BMC's, petroleum production in Trinidad and Tobago rose by under a million barrels to 41.6 million barrels, while in Barbados production rose 16.7 per cent to 454,000 barrels. There were windfall gains during the Gulf Crisis.

Bahamas

Unions Threaten To 'Shut the Country Down'

FL0905143091 Nassau Domestic Service in English 1700 GMT 8 May 91

[Text] Our top story this afternoon: the termination of 40 managers from the Windeman [words indistinct] Beach Hotel. Reports also say just this morning an additional 18 employees received termination letters.

According to president of the Bahamas Managerial Association, Mr. O.B. Ferguson, Bahamian workers are being treated unfairly and he called on the government to take action now.

[Begin recording] [Ferguson] If the Government of the Bahamas doesn't deal with this issue immediately, we're going to have serious, serious social implications as a result of this failure, as well as a failure to deal with the problem. [Word indistinct] Beach is a government hotel and they have an operator operating it. The Government of the Bahamas must respond to this situation. I repeat again, if the government fails to deal with this lobby immediately, you're going to see violence in the country and it's going to be devastating to this whole country. We cannot, and I repeat, we cannot afford that type of situation, particularly at a time of small development. [end recording]

[That was] President of the Bahamas Managerial Association, Mr. O.B. Ferguson. Up to the time of this newscast, all efforts to get a comment from management of the hotel failed.

At a solidarity march held here in the capital last Saturday, that ended with a rally on [word indistinct] Park, the secretary general of the Trade Union Congress, Mr. A. Leonard Archer, threatened that if one more worker in the hotel industry is fired, they will shut the country down.

Dominican Republic

Bosch Reiterates Call for Balaguer's Resignation

FL0805190091 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 8 May 91

[Text] An opposition leader criticized again the constitutional government and warned about social explosions in the country. Juan Bosch spoke to reporters during a social event in Santo Domingo and repeated his calls for the chief of state to resign. The opposition leader has conducted a campaign in the media in the country and abroad with constant criticisms against the incumbent constitutional leader. Bosch Gavino also asserts that there is a risk of having social disturbances in the country and that they could have a tragic outcome. Bosch Gavino has made several calls for a popular protest. The national leader of the Dominican Liberation Party has continued his campaign since he was defeated in the free elections held last year.

Grenada

'Insider' Claims Gairy's Labor Party Crumbling

FL0805231091 Bridgetown CANA in English 1943 GMT 8 May 91

[Report by Richard Simon]

[Text] St. George's, Grenada, May 8, CANA—The opposition Grenada United Labour Party (GULP) is crumbling, an insider said Wednesday contradicting assurances by party leader Sir Eric Gairy that all is well. The former prime minister spoke to reporters Tuesday following the resignation of the third of four GULP parliamentarians elected in the March 1990 general elections.

The insider, who spoke to CANA [CARIBBEAN NEWS AGENCY] on condition of anonymity, blamed Sir Eric for the breakdown of the party, saying he was treating members "very badly." The source predicted more members would leave.

MP Winston Frederick resigned Monday, a week after Sir Eric had called him a "recalcitrant schoolboy" at a public meeting. The two previous defectors joined the government.

"(Gairy) is destroying what he built in 40 years in one year and many of us will not go down with him," the insider said.

With Frederick's resignation, opposition leader Winifred Strachan is the lone remaining GULP representative in Parliament. She is likely to lose her post as opposition leader as a result of Frederick's resignation. The insider said the GULP was without a functioning executive. "Every time we meet, it's two or three people."

Gairy, 69, denied Tuesday he was losing control of the party, saying his position was in fact strengthening. The failing eyesight of the former prime minister appeared to have worsened as he had to be guided to his seat at the news conference Tuesday. "Gairy is blind and he cannot be in control any more," the source said. "... You can't tell him that or you're out as well."

The GULP held power here until 1979 when Sir Eric was toppled in the English-speaking Caribbean's first coup d'etat. Sir Eric offered himself as a candidate in the 1990 election but was unsuccessful.

Haiti

Information Minister on Government's First 90 Days

FL0805223091 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 8 May 91

[Interview with Mrs. Marie Laurence Jocelyn Lassegue, minister of information, coordination, and culture by Frankel Valentin on 7 May; place not given—recorded]

[Text] On 7 May, the government marked its 90th day in power. Yesterday we interviewed several officials. First, there is Information Minister Marie Laurence Jocelyn Lassegue who spoke on the achievements of the government. Later, we will listen to a union official. Let us listen first to the information minister.

[Minister Lassegue) The self-criticism that we can make regarding information is that after three months we have not yet developed a national television as the people wish. This national television would provide consciousness-raising programs, information, education programs, and so forth. The people know the reason because I talked about it. It is because of technical problems and because we did not have the money to develop television programming to answer the peoples' needs. As I said, the government has now released funds. The prime minister has released funds to the national television team so they can meet the peoples' expectations.

Moreover, I must tell you that at the ministry we have people in charge of youth and people's activities. We have people in charge of questions concerning women's problems and demands. We have people in charge of culture and so on. This means that we in the ministry are really listening to all socio-professional categories within the country. Television must now be established with materials, with equipment from the policy that he [not further identified] has for television. Television must really provide what the population expects from it. Of course, we must also technically restructure television not only within the capital but the relays must be repaired, and more relays must be installed so the people in Les Cayes are not obliged to watch Dominican television or that the people in Foret des Pins are not obliged to watch Jamaican television.

[Valentin] What criticism do you have in the other fields such as the government's foreign policy, the trade question, and the high cost of living?

[Minister Lassegue] We think the self-criticism that we can make is that we must enforce the law. When the government decides that a price will drop, and a person wittingly decides not to respect the decision that the government has made in compliance with the law; well, in compliance with this same law the government must not hesitate to ask that justice be done. This means that up to now.... [changes thought] The government has made a decision: We will lower the price of rice price and we will lower the price of tools. Nevertheless, we realize that there are shopkeepers who do not respect the government's decision.

Furthermore, we must say that Commerce Minister Smarck Michel has decided to intervene—as we saw on television and heard on the radio—to go to the warehouses so that the people in charge of the law can intervene. The self-criticism that we can make is, perhaps that up to now, we did not ask the law to systematically intervene and the commerce minister who is the supervising minister of the Commerce Ministry has decided that justice will be respected in the country even concerning the high cost of living. On that score, we know it is one of the big problems faced by the population in both the capital and the provinces. The government has a policy which seeks to lower the price of food and essential products.

[Valentin] Mrs. Lassegue, the last question is: If we had to say the government has made a mistake, if in fact it has made a mistake, in your opinion what mistake would it be?

[Minister Lassegue] Well, I cannot speak of mistakes, Frankel. I am thinking quickly. You asked for self-criticism. I gave you two examples of self-criticism. Actually, the only thing I can say is that when you consider that at the end of three months you have succeeded in making life safer, trying to solve the insecurity problem. Obviously, there are incidents from time to time, but that is just about everywhere.... [changes thought] But we know that the secretary of state who is now at the Interior Ministry, Henry [stammers] Rene Prosper, we know that the prime minister continues to work on this problem jointly with the Haitian Armed Forces, as the president said.

There is the question of electricity. All the people are cheering. We see that the minister of public, works, transport, and communication [TPTC] promised we would have electricity. Obviously, we have yet to have it 24 hours a day but anyone, any person who works can tell you that we actually have electricity to sustain business. I said electricity that allows businesses to continue operating, that allows the Haitian families who need electricity to get electricity. [Word indistinct] we can nevertheless say that despite this heavy legacy that we had at the end of three months.... [changes thought] Obviously, there is the trash problem that has to be solved. There are many other problems that have to be solved. There is the unemployment problem that has to be solved. But on that score too, the government has projects. TPTC Minister Verella spoke of that on 1 May. There are projects requiring a great number of workers that will be set up in the country. Globally, and according to what I hear from other colleagues, radio and television journalists say, I cannot say it is an assessment.... [changes thought] I will not even speak of negative things. It is an average assessment. I think that taken as a whole, the assessment is nevertheless positive when you consider that we have been in power for only three months.

Government Officials Visit Foret des Pins

FL0805001591 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 7 May 91

[Excerpt] According to a note from the Ministry of Information, Culture, and Coordination, between 3-5 May several deputies met in the Foret des Pins which is located above the Fond Verrettes commune. Deputy

Jean-Lyonel Bouzi invited the deputies to come to a workshop with the area peasants in order to understand the problems.

In the presence of Mrs. Marie-Laurence Jocelyn Lassegue, minister of information, culture, and coordination, Deputy Saurel Jacinthe, the peasants' spokesman, read the resolutions stemming from this workshop. The Fond Verrettes population asks the Ministry of Agriculture for agricultural machinery, fertilizers, and insecticides so they can work efficiently. They ask the Ministry of Public Works, Transport, and Communications to repair the road for them and to build seven other agricultural roads in the area. They ask the Ministry of National Education to maintain four state schools that are in the commune and to find other teachers. The population asks the Ministry of Public Health and Population to send one doctor, one nurse, two medical workers, and medicine.

The Fond Verrettes population took advantage of the opportunity to talk to Minister of Information Marie-Laurence Jocelyn Lassegue about the future possibilities for the area only if tourism were to develop well. The minister took note of all that was said and promised to have the demands presented to the concerned ministers to follow up on them.

Several journalists also went there to follow these activities which indicate decentralization has taken another step. [passage omitted]

Jamaica

New Permanent Representative to OAS Announced

FL0805160991 Bridgetown CANA in English 1209 GMT 8 May 91

[Text] Washington, May 8, CANA—Richard Bernal, a specialist in economic issues and external debt management, is Jamaica's new permanent representative to the Organisation of American States (OAS). Bernal succeeds Keith Johnson, who retired recently after more than 10 years of representing Jamaica in the OAS and the White House.

Bernal began his career as an economist and advisor on external debt and balance of payments adjustment with the National Planning Agency of Jamaica. He then was a lecturer in international economics and development economics at the University of the West Indies before joining the Workers Bank of Jamaica, where he was later appointed to the post of general manager.

Ambassador Bernal was special advisor on economic programming and external debt management in the Jamaica Ministry of Finance. He is the author of studies on Jamaica's external debt and its implications, adjustment in developing countries, and on the establishment of a Caribbean multinational bank. He is co-author of a study on 'global challenge: from crisis to co-operation: breaking the North-South stalemate.'

Trinidad and Tobago

Security Forces Alerted as Coup Trial Progresses

FL0705134591 Bridgetown CANA in English 0201 GMT 7 May 91

[Text] Trinidad and Tobago security forces were reported on alert yesterday after threats by Muslims now on trial for their part in the July coup attempt.

Press reports said Prime Minister A.N.R. Robinson also called a National Security Council meeting for today to discuss the threats.

Some Jamaat al Muslimeen members last week shouted threats against officials in a preliminary enquiry after being denied a joint trial.

Six Witnesses Give Evidence

FL0905014091 Bridgetown CANA in English 2217 GMT 8 May 91

[Text] Port-of-Spain, Trinidad, May 8, CANA—Six witnesses gave evidence Wednesday in a preliminary hearing into murder charges against 19 of 114 Jamaat al Muslimeen members being prosecuted for involvement in last year's abortive coup. The Muslims face other charges of kidnapping, arson, and illegal weapons possession. The group of 19 included Muslimeen leader Yasin abu Bakr, alleged ringleader of the uprising.

The only interruption came from Bakr after the first witness Balgobin David Basanta gave evidence. Estate Constable Malcoln Basanta, a brother of the witness, was killed during the storming of Parliament.

Bakr told Chief Magistrate Melville Baird he wanted to make a submission to the court on the amnesty issue. The accused who are unrepresented by counsel, say they were given an amnesty by then Acting President

Emmanuel Carter and it absolved them from prosecution. The application was turned down.

"Are you denying me my rights in this court," Bakr shouted. "I am seeing my rights violated." He added: "If you are denying me my rights, then I am asking you to remove us from the court."

The magistrate ignored Bakr's requests and ordered the hearing to continue. Previous outbursts by the accused had led to their removal from the court. For the remainder of the proceedings Wednesday, the accused gathered around their leader in a corner of their large blue cell and held discussions.

Carrington Named High Commissioner to Guyana

FL0905012591 Bridgetown CANA in English 2229 GMT 8 May 91

[Text] Port-of-Spain, Trinidad, May 8, CANA—Former secretary-general of the African, Caribbean, and Pacific (ACP) secretariat, Trinidadian Dr. Edwin Carrington, has been named Trinidad and Tobago's non-resident high commissioner to Guyana. An External Affairs Ministry statement Wednesday said Dr. Carrington presented his credentials last month to Guyana's President Desmond Hoyte. He will be based at the External Affairs Ministry in Port-of-Spain.

El Salvador

Cristiani on Armed Forces Issue, Peace Talks

PA0805182991 San Salvador Radio Cadena YSU in Spanish 1800 GMT 7 May 91

[Passages within quotation marks are recorded]

[Text] President Alfredo Cristiani said today that the negotiations with the FMLN [Farabundo Marti National Liberation Front] may continue even if they do not result in the Armed Forces' elimination or the guerrilla forces' demobilization.

The Salvadoran president said today that the military corps' existence is not part of the negotiations to achieve a cease-fire, as the FMLN insists. Alfredo Cristiani said within this context that the talks with the guerrilla groups that have been going on for over a year, with the UN's mediation, may continue until a cease-fire is achieved, even if the irregular forces are not demobilized.

[Begin recording] [Cristiani] We must bear in mind that the FMLN has always made proposals on specific issues, but the agreements that are later reached only concern the negotiating process. Nevertheless, I already said last week that if the FMLN insists on that issue, I think it would be difficult to end the conflict.

[Moderator] Angel Iraheta, YSAX.

[Iraheta] Mr. President, I would like to learn your position about the [word indistinct] recently issued by the Crusade for Peace and Work, meaning that you are easily accepting all of the UN secretary general's proposals?

[Cristiani] No, I do not think we have accepted the UN secretary general's proposals because he does not issue proposals. He simply acts as mediator between the FMLN and the government. I would like to specifically refer to the constitutional amendments and emphasize the similarity between the political parties' agreement and the Mexican Declaration. You will see that, although different in some cases, these differences are not so big, and the topics are similar. This means that the country's concerns about the constitutional amendments is the result of a need for our institutions to evolve toward a peaceful future.

[Moderator] Pablo Yacub, Inter-Press Service.

[Yacub] Mr. President, referring to the negotiations and the FMLN' demands, the FMLN has apparently not withdrawn its demand that the Armed Forces must disappear. You said that the conflict, or the war, cannot end so easily. However, could some progress still be achieved, at least taking strong steps in that direction—for example, to reach a cease-fire—even if the FMLN does not withdraw this demand? In fact, agreements on constitutional amendments have been reached even though the FMLN has not withdrawn this demand.

[Cristiani] Although the amendments have not been ratified, meaning that they have not been implemented, we should bear in mind that an overall agreement includes a cease-fire. I think the process can certainly make progress, and it should. I think that reality always prevails in the end and, as I said today in my message to the Salvadoran soldiers, the people only have one armed branch—the Salvadoran Armed Forces.

Also, the FMLN has accepted the constitutional amendments, so it is tacitly accepting the Constitution of the Republic as the instrument which outlines the norms for the Salvadoran society's coexistence. Referring to this, there is no mistake about the Magna Carta's command, so I certainly think that progress can be achieved. The FMLN has always adopted this position and that is why my first reaction was that this was a hypothetical case. We must first see if progress is actually achieved. [end recording]

On this occasion the president emphasized the role played by the United Nations, which is currently playing a more active role. He said that the United Nations has much to contribute toward the achievement of a cease-fire. President Cristiani also confirmed that a new round of talks is scheduled for the second half of May and may be held in Mexico City. President Cristiani also announced that preparatory meetings may be held in the near future.

Guerrillas Attack Military Civic Action Office

PA0905040991 Mexico City NOTIMEX in Spanish 0304 GMT 9 May 91

[Text] San Salvador, 8 May (NOTIMEX)—Government officials have reported that urban guerrillas tonight attacked two Armed Forces offices in the capital, wounded a paramilitary soldier, and seriously damaged one building.

According to a preliminary report from the Armed Forces Press Committee, the rebels attacked a Military Civic Action office and destroyed most of the building's second floor with RPG-7 rocket launchers at 1910.

The source said that the guerrillas fired two missiles from a moving vehicle and that, while fleeing, exchanged gunfire with National Guard members protecting the building. No casualties were reported.

Military Civic Action is an Armed Forces agency created to assist the civilian population affected by the armed conflict.

In addition, a Farabundo Marti National Liberation Front [FMLN] unit fired several explosive devices on a Civilian Defense command post located in southern San Salvador, wounding a paramilitary soldier.

The military report added that in a separate incident the FMLN dynamited four utility poles on the northern trunk highway near Aguilares, a town located 34 km from San Salvador.

FMLN Claims Responsibility

PA0905042091 San Salvador Canal Doce Television in Spanish 0342 GMT 9 May 91

[Text] This evening the Territorial Service Offices [Oficinas de Servicio Territorial], a department of the Defense Ministry, were seriously damaged after being attacked by urban commandos of the Farabundo Marti National Liberation Front [FMLN].

The rebel attack took place at approximately 1910, near Incamen. According to reports, no one was injured.

During the attack, the rebels used explosive devices and heavy artillery. The second floor of the Territorial Service Offices was seriously damaged. An officer in charge of the office has condemned the attack.

[Begin recording] [Unidentified officer] What you see here and what you see up there is what remains of the offices.

[Unidentified reporter] Where was the attack launched?

[Officer] From the west side.

[Reporter] Was there any kind of contact with the attackers?

[Officer] No contact. We did not fire back. We could not fire at something we could not see.

[Reporter] Anyone wounded?

[Officer] No one, neither civilian nor military. [end recording]

FMLN urban commandos have called this news program to claim responsibility for the attack.

There have been reports about some kind of harassment activity in the plains of Redelo, but this has not been confirmed.

Bombs Explode at San Salvador Car Dealers

PA0805122491 San Salvador Canal Doce Television in Spanish 0256 GMT 8 May 91

[Text] At least two bombs exploded tonight in commercial centers in San Salvador without causing casualties. The explosions, however, damaged property, military and civilian sources reported. The explosive devices were detonated by unidentified people at car dealerships on 49th South Avenue and Olympic Avenue. The explosions shattered windows and damaged several cars parked nearby. No one has yet claimed responsibility for the explosions.

In addition, the Farabundo Marti National Liberation Front [FMLN] reported today that it inflicted 17 casualties on the army in isolated clashes in various points in the country. In a broadcast heard in San Salvador tonight, Radio Farabundo Marti said the guerrillas inflicted 15 casualties on the army in clashes near Villa Victoria in Cabanas Department in the country's north. One soldier reportedly was wounded in Jucuapa, Usulutan, and the rebels inflicted one more casualty on government troops in San Jose Guayabal, Cuscatlan. The rebel station reported no FMLN casualties.

Meanwhile in Guazapa, one soldier was killed and four civilians were wounded in explosions, according to judicial sources.

Guatemala

State Workers Occupy Congress, Hold 30 Deputies

PA0805204491 Panama City ACAN in Spanish 2007 GMT 8 May 91

[Text] Guatemala City, 8 May (ACAN-EFE)—More than 50 members of the National Federation of State Workers Unions [Fenasteg] today occupied the Guatemalan National Congress building and are holding approximately 30 deputies. The Fenasteg members are demanding that the government give them an approximately $60 a month wage increase.

Edgar Batres and Rudy Ramirez, leaders of the Fenasteg, told ACAN-EFE that they will remain inside the building until the Serrano administration approves their request.

The workers are holding approximately 30 deputies as well as Catalina Soberanis, the Christian Democrat president of the Congress, inside the building. They have also blocked the two main entrances and exits.

Soberanis should have left for Nicaragua at noon today to attend a meeting of presidents of the Central American parliaments.

Center-Tendency Deputy Juan Jose Rodil Peralta, a former government minister, has asked the president of the National Congress to request the presence of the security forces to dislodge the union members.

Hostages Released; Accord Reached

PA0905001591 Guatemala City Radio Nuevo Mundo Network in Spanish 2312 GMT 8 May 91

[Text] The occupation of the Congress building by state workers lasted approximately six hours. After lengthy discussions, the state workers agreed to sign a commitment resolving to recommend that the executive branch respect this document.

The commitment letter contains five [as heard] points, including the demand that the government guarantee labor stability to public employees, a rejection of the plan to privatize state enterprises, a rejection of the plan to free market prices on basic staples, the rehiring of dismissed public employees, legislation for a fair distribution of land to benefit the peasants, and the approval of the resolution.

The state workers prevented people from entering the Congress building for more than six hours. They also put restrictions on the departure of employees, many of whom had to go without lunch because the Congress building no longer has a cafeteria.

Leaders of the National Federation of State Workers Unions [Fenasteg] and 31 representatives of affiliated organizations occupied the Congress building to demand salary increases and the mediation of deputies to secure their demands. They also demanded social benefits.

The labor union people held approximately 50 deputies and reporters, who normally cover congressional sessions, hostage.

At the conclusion of more than six hours of discussions, the labor leaders and deputies, especially deputies who are members of the legislative leadership, reached an agreement.

Deputy Vinicio Villal Auneu, member of the legislative leadership, gave the demonstrators a note committing himself to arranging a special meeting tomorrow between deputies and labor union leaders.

After securing the agreement, leaders of the Fenasteg and the Social Security Labor Union decided to issue a document stating that the deputies of the Guatemalan Congress had committed themselves to mediating the conflict.

Congress President Catalina Soberanis had left the Congress building a few minutes before the formal occupation of the building by Fenasteg leaders.

Fenasteg leaders first met in private with Second Vice President of Congress Arturo Soto Aguirre, who signed a document with the workers. The occupation of the building was announced afterwards. The occupation concluded with the signing of the commitment.

Congressional leaders and Fenasteg leaders agreed to meet tomorrow at 1000 to continue discussions aimed at finding a solution to the problems posed by the workers.

When the president of Congress left the building she headed for the airport, from where she traveled to Nicaragua to participate in the third meeting of Central American Congress presidents, which began this morning.

Labor Groups Score Salary Increase for Deputies

PA0905041791 Guatemala City SIGLO VEINTIUNO in Spanish 8 May 91 p 3

[Text] The discovery that the National Congress deputies earn a salary of 15,450 quetzals instead of 12,000 quetzals, as it was officially reported when the current legislative period began, has provoked a number of angry protests from several groups. Although the congressmen decided not to discuss the issue of their earnings, they did criticize the position adopted by the PAN [National Vanguard Party] deputies, whom they accused of being traitors and lacking solidarity because they publicly reported the truth about their salaries.

Congress President Catalina Soberanis confirmed that the deputies earn a salary of 15,450 quetzals, saying that increases to their previous salaries were made possible by the 20-million quetzal increase given to the legislative branch's budget during the previous legislative period.

Referring to the PAN deputies' accusations that she was responsible for the approval, without proper consultation, of increasing the salaries from 12,000 to 15,450 quetzals, she said that these accusations are part of a new attack on the Congress.

Despite the explanations offered by the Congress president, Deputy Rodolfo Mendoza, co-leader of the PAN faction, emphasized that it was always said that the deputies' salaries would be 12,000 quetzals rather than 15,450 quetzals, so this means that the amount was altered to include an additional 3,450 quetzals.

Several public and private employees' labor groups yesterday stated their displeasure over the new salary increase for the National Congress deputies.

"The salary increase that the National Congress deputies approved for themselves is an insult to the country's working class, which is currently facing hunger and poverty. The so-called leaders of the country should be ashamed of themselves and resign," stated Edgar Batres, assistant secretary of the National Federation of State Workers Unions.

Hector Godinez, of the National Federation of Public Employees Unions, said: "The deputies' attitude is reprehensible because it is unethical and immoral, and it is quite to the contrary of what they told citizens during the electoral process. They said they would strive to benefit the people."

He added: "The deputies represent an elite group within the context of the nation because they have salaries that are a heavy burden on the taxpayers, and they have innumerable privileges that turn them into another one of the groups exploiting citizens."

Byron Morales, secretary general of the Guatemalan Workers Trade Union, emphasized that "the deputies' attitude is shameful and, above all, humiliating for the poor, who currently represent more than 87 percent of the Guatemalan population."

Jesus Miranda, assistant secretary of the Guatemalan Workers General Central Organization, said: "The new increase that the deputies approved for themselves is nothing but another maneuver to avoid the taxes that they must pay by law."

Attempt To Prevent Halt of U.S. Aid Reported

PA0805224991 Guatemala City PRENSA LIBRE in Spanish 7 May 91 p 8

[Text] According to official information, the Guatemalan Government sent a commission to Washington to talk with U.S. congressmen in hopes of avoiding a suspension of economic aid to our country.

The government's press office confirmed that the commission is comprised of Juan Caso Fanjul, recently appointed Guatemalan ambassador to the United States, as well as well-known businessmen Edgar Heinemann and Bernardo Newman.

The ambassadors, on a special mission, seek to prevent the U.S. Congress from approving a motion presented by a legislative subcommission, which asks that all economic aid to Guatemala be canceled due to numerous human rights violations.

Guatemalan Vice President Gustavo Espina Salguero, a businessman, confirmed the news yesterday and stressed that the commission will talk with U.S. congressmen on behalf of the Guatemalan Government. They will express the government's hopes to consolidate guarantees on respecting human rights, its desire to attain peace with the URNG [Guatemalan National Revolutionary Unity], and its intentions to improve national security.

Espina stressed, however, that all aid to Guatemala is welcome, provided it is unconditional and does not hurt the people or the government's dignity. In the case of the motion before the U.S. Congress, he said, I think they should take into account the advances made by the new government, presided over by Engineer Serrano Elias, as it would be unfair to blame us for the mistakes of previous governments.

Clandestine Group NMRG Issues Communique

PA0805220591 Guatemala City PRENSA LIBRE in Spanish 8 May 91 p 5a

[All quotation marks as published]

[Text] The New Guatemalan Revolutionary Movement (NMRG), which sent its first proclamation signed by its General Commander Nestor Grajeda, to our office yesterday, was formed in "a secret place somewhere in San Marcos Department."

The document states, among other things: "We reject the cowardly and comfortable attitude of the URNG [Guatemalan National Revolutionary Unity] negotiations with the current government and Army, because of its blindness, impotence, and cowardice: an attitude that is submissive to national capitalism and foreign interests that are not part of Guatemala. Such negotiators will be judged by history, the people, and the NMRG High Command.

It adds that "the origin (one of many causes, but the main one) in our country is the existence of the Army, which must be cut at the root, physically eliminating all the current and past assassins of the people who will not be pardoned this time. [sentence as published] We cannot forget to mention other liberators, supporters of the UCN [Union of the National Center], etc., including Peralta Azurdia, Arana Osorio, Laugerud, Lucas Garcia, Riot Montt, Mejia Victores, Chupina Barahona, Donaldo Alvarez Ruiz, etc. [quotation marks as published]

"This includes," it adds, "civilian accomplices, including Vinicio Cerezo and his successor Serrano Elias. Without an Army or its specific finance department, without corruption in public administration, personal friends favored under the government, rival deputies, and depredators of state funds (Alfaro, Mijangos, Mayor D. Rodil Peralta, C. Soberanis, and other fools who hold power in the three state organizations) there will be no need for such high costs in health, education, work, and, in general, for the services urgently needed by the public. The people are totally mired in poverty as a result of the slavery-oriented land tenure system, the monopolies, exploitation, disorder, and anarchy which have resulted from a lack of understanding on the part of the criminals who existed in the former governments."

Primary Purposes of the NMRG

"We cannot anticipate anything else in light of the urgency of matters (this document is being prepared while the fighting continues), but the immediate tasks to assume power are: To eliminate the structures of the Army, which in addition to holding power has become capitalist (Mejia Victores, Figueroa Villate). We invite the youths who study in the Adolfo V. Hall and Polytechnic Institute to leave their studies and join us because we do not want to have innocent victims, and they will be severely punished and destroyed like their generals and other commanders."

"To eliminate all the congress deputies, without discrimination, in view of their abuses, deals, and corrupt complicity with the central government, and for the offensive wages they receive for doing nothing."

"We will publicly execute all the corrupt people in government institutions and private enterprise who exploit the agricultural and industrial sectors. (We have better lists than the ones the G-2 has)," it assesses.

"We will not destroy bridges, roads, and public works that have been paid for by the people because our initial struggle starts in the mountains and will end in the cities. It will not be necessary to use the actions that have been attributed to the URNG. The teachers, doctors, and people in other sectors, who carry out their responsibilities with honesty, will have to continue working because our government will not allow strikes or demonstrations. These actions will be unjustified as there will be no social reasons to justify them," the statement continues.

The national and private universities will be for the people and not as Jorge Carpio, Manuel Ayau, and the North Americans had planned, which is to privatize the university we attended a long time ago. One of the reasons for wanting to privatize the National University was to prevent social madmen like Antonio Najera Saravia (father of the criminal Rolando Najera, who will also be executed when the time comes) from degrading the university, and to allow individuals like Rigoberto Juarez Paz to continue leading their students astray, discussing things other than Althusser's high philosophy, and saying that Marx never formulated any theory (stupidity that not even his mother would believe).

The Guatemalan press, as in every truly democratic country, will continue its informative as well constructive functions, because of individuals like Hugo Arce, who attacks the government in an apparent effort to discredit it. (The fact is that he wanted a public relations post in Jorge Carpio's government, and now he is resentful and has so little to write about that he has turned to subjects like the unavoidable deaths of individuals like David Vela and Juan Jose Arevalo; Arevalo died the day after. [sentence as published] What a sorry excuse for a reporter," the document states. [parentheses as published].

"Our ideology can be no other than Marxist, but an improved Marxism, because we will respect private property that has not been acquired illegally, as did Vinicio Cerezo, Alfonso Cabrera, [Congressional President Catalina] Soberanis, etc., and their current followers and accomplices, including Serrano Elias and his ministers, especially Mario Solorzano. Our armed struggle began several months ago. Some sectors of the Army have attributed casualties to the URNG but they are mistaken. We only have a few battalions, but they are good, capable, honest fighters and not traitors like the members of the URNG."

For a happy, prosperous, and criminal-free Guatemala:

Nestor Grajeda, general commander of the new Guatemalan Revolutionary Movement.

In a secret area of San Marcos Department, on 1 May 1991," the communique concludes.

Honduras

Supplying Arms to Nicaraguan Contras Denied

PA0805163891 Panama City ACAN in Spanish 2146 GMT 7 May 91

[Text] Tegucigalpa, 7 May (ACAN-EFE)—The Honduran Government "flatly" denied today that Honduran lightplanes have been airdropping supplies for approximately 300 former contras in northern Nicaragua.

A source at the Presidency's Information and Press Office told ACAN-EFE: "That report is false. We are shocked and flatly deny the report."

The source added that the UN Observer Group in Central America [ONUCA] "can bear witnesses to Honduras's behavior regarding the contras."

According to a Nicaraguan military source quoted by a newspaper published in Managua, Honduran lightplanes have been airdropping weapons for approximately 300 former contra combatants.

One of these planes overflew La Constancia, El Caracol, and San Felipe during the weekend, said a source from the Nicaraguan Government Ministry in Matagalpa, a city in the country's north.

The Honduran Government "rejects this report, which originated in Nicaragua and which is meant to divert the Nicaraguan people's attention away from the country's domestic problems," the Honduran source added.

The Nicaraguan contras occupied the east of Honduras for 10 years. They handed over many of their arms, most of them useless, to ONUCA in 1990. Of the rest, which was still usable, they took with them, and sold them in Honduras. AK-47 rifles sold for an average of $60.

Some of these weapons are in the hands of criminals and private citizens, but all of them will be confiscated, Armed Forces Chief General Luis Alonso Discua, announced yesterday.

* President Presents Budget Reduction Proposal

* 206 Million Lempiras Cut

91CA0118A San Pedro Sula LA PRENSA in Spanish 18 Apr 91 p 2

[Text] Tegucigalpa—Despite the imminent health crisis that could face the country at any moment, with the advent of cholera, the Health Ministry is the one most harmed by the 25 percent reduction in public spending sought by the government to control the fiscal deficit.

On Tuesday the Executive Branch sent to the National Congress a draft decree containing the "Law for the Reduction of Public Spending." Observers claim that it is part of the commitments that the government has assumed with the international financing agencies to maintain its rating as a subject qualified for credit.

According to the explanation of causes in the draft law sent to the legislative chamber by the Ministry of Finance and Public Credit, "based upon the pertinent analyses, it has been estimated that, through the implementation of the measures called for in this decree, there will be a reduction in public spending amounting to 206 million lempiras, 51.1 million of which is associated with the government, and 154 million of which is associated with the decentralized agencies."

According to the proposed law, the aforementioned reduction is distributed with 10 percent for the centralized public administration, including the Legislative and Judicial Branches, and 15 percent for the decentralized

administration. This comprises a total percentage for the entire state representing 25 percent of the General Budget of the Republic.

The amended budget proposed by the Executive Branch is broken down as follows:

Program	Amended Budget	Amount Cut	Percent
Legislative Branch	29,820,000	1,603.3	9.6
Judicial Branch	25,685,000	1,708.1	8.9
Presidency of the Republic	20,626,000	1,247.4	9.3
Government and Justice	29,271,000	9,531.0	38.7
Foreign Affairs	38,199,000	2,216.3	10.2
Economy and Commerce	14,396,500	999.5	8.7
Finance and Public Credit	45,785,000	36,473.2	9.8
Office of the Attorney General	2,536,400	200.6	10.1
Public Education	552,206,900	7,064.7	1.6
Public Health	307,831,200	11,065.3	4.4
Labor and Social Security	36,290,100	394.3	3.3
Secopt*	192,969,000	6,438.3	4.4
Natural Resources	58,708,800	3,016.0	6.3
Secplan**	13,832,800	1,183.5	10.2

* Secretariat of Communications, Public Works, and Transport

** Secretariat of Planning, Coordination, and Budget

As may be observed on the preceding table, the most significant amount cut relates to the Ministry of Public Health. Paradoxically, on the morning of the very day that the bill was sent to Congress, the nation's highest authorities were discussing the need for more economic resources for that department, that would enable it to cope with the inevitable cholera epidemic that may break out in the country at any moment.

It should be noted that the Ministry of Defense and Public Security, which is equivalent to the Armed Forces, does not appear on the table. Its budget amounts to over 247 million lempiras: the largest in the country.

In one of its articles, the draft "Law for the Reduction of Public Spending" prohibits, after 1 May of this year, "salary increases, including those based on reclassification of employees and officials of the centralized and decentralized public administrations, with the exception of the special collective bargaining increases approved in accordance with this law."

It also stipulates that the appropriations approved for various personal professional and technical services, and permanent public administrative salaries as a whole, may not be increased during the current fiscal year.

Moreover, the bill prohibits the creation of jobs, except for instances wherein they are considered essential for the satisfactory operation of the public administration. They may not exceed 20 percent of the total amount proposed for reductions therein. This provision will go into effect as of 1 May 1991.

The aforementioned bill stipulates that the signing of a collective contract by a decentralized institution, or of any other document issued for the same purpose, calling for increases in salaries or economic benefits, will be subject to the provisions in the Constitution of the Republic regarding this point.

The document was released last night to the members of the National Congress, where it was said that it might possibly undergo some amendments. The latter could include the Ministry of Defense and Public Security because, according to the president of the Chamber, Rodolfo Irias Navas, "The sacrifice should be borne by all members of Honduran society."

* Armed Forces Exempted

91CA0118B San Pedro Sula LA PRENSA in Spanish 18 Apr 91 p 2

[Text] Tegucigalpa—Yesterday, labor and peasant leaders demanded of the National Congress and the Executive Branch an explanation of why the Armed Forces are excluded from the budget cuts announced on Tuesday, while the Health Ministry, which needs reinforcement to deal with the imminent cholera epidemic in the country is being sacrificed.

The Executive Branch, through the Finance Ministry, sent to the Congress for prompt passage a draft Law for the Reduction of Public Spending, involving a total of 205.996 million lempiras. It affects all three branches of government, with the exception of the Armed Forces.

According to the bill, of all the ministries the one with the most sacrifices imposed on it is that of health, with a cut of 11.065 million lempiras. It is followed by the Ministries of Government and Public Education, with cuts of 9.561 million and 7.064 million lempiras, respectively.

The leaders queried claimed that the reduction bill has caused them worry, because they think that the promised social compensation has been scrapped.

Felicito Avila, secretary general of the General Federation of Workers (CGT), considered to be progovernment, alerted the Legislative Branch to the fact that, before passing this law, it should prioritize the importance that the aforementioned secretariats hold for the Honduran people, in comparison with the armed institution.

In his opinion, there is a contradiction between the Executive Branch and the Congress, because the former has claimed that education and health are extremely important for implementing social compensation, yet it is calling for cuts in their funds; while the latter is hastening to approve this.

The budget cuts will have a considerable impact on the country's majorities, because no provision will be made for what is already being done in the health area, much less for emergencies.

The vice president of the CTH (Confederation of Honduran Workers), Neptaly Garcia, for his part, declared: "The Armed Forces should be included in the sacrifice requested of the people by President Callejas, because they are a part of the people and subordinate to the Executive Branch. For this reason, there is no justification for not cutting their budget."

He added that the labor unions have always come out in favor of a genuine austerity plan, but one for the "white collar bureaucrats" earning attractive salaries, while those really working have been threatened with layoffs as part of the economizing on running expenses.

Nevertheless, no effort is being made to save by avoiding the constant, unproductive trips abroad, or by enforcing the laws controlling abusive use of vehicles and fuel expenses, as the government announced when it approved the first price hike for petroleum by-products.

Garcia claimed not to understand how Callejas could promise social compensation and, in fact, do quite the contrary; because a cut for the Health Ministry attacks the health of the Honduran people, who deserve a better fate, faced with of the consequences of the Law on Structural Organization of the Economy.

Hector Hernandez, president of the United Federation of Honduran Workers (FUTH), for his part, described the "no cuts" as an "overly subservient" attitude on the part of the government toward the military institution, calling it unproductive.

He explained that this does not mean assuming an antimilitarist position, but rather observing the reality being experienced by Hondurans. They find themselves threatened with living increasingly submerged in poverty, with cuts in such sensitive areas as health and education, in which massive layoffs of employees will also occur.

In Hernandez's view, the government is not assigning priorities in adopting measures to cut the fiscal deficit, nor is it concerned about keeping the promise of social compensation for this year.

He suggested that, to reduce public spending, the entry of luxury items should be prevented, the commissary stores and other privileges for the military should be eliminated, and there should be a definitive reduction in the Armed Forces.

With regard to the latter point he argued that, if it is possible in other countries, why not Honduras?

Marcial Reyes Caballero, secretary of the National Union of Peasants (UNC), remarked that at this point, when there is no longer a threat of aggression from enemies nearby, the existence of a large army is unwarranted, because there are priority programs, such as health, education, housing, and job creation.

He expressed approval for the elimination of institutions and bureaucrats that "have no rhyme nor reason" in the country's production. He indicated that, on the contrary, they absorb considerable sums of money for their support, in a direct allusion to the armed institution.

* Proposal Termed 'Cosmetic'

91CA0118C San Pedro Sula LA PRENSA in Spanish 19 Apr 91 p 9

[Excerpts] Tegucigalpa—The budget cut sought by the government in public administration is "a superficial, economic cosmetic measure, to satisfy the demands of the international financing agencies."

This opinion was expressed yesterday by Carlos Montoya, while commenting on the draft Law for the Reduction of Public Spending.

According to Montoya, the reduction "is very small," because the fiscal deficit exceeds 1 billion lempiras; and, although cutting slightly over 200 million is a good effort, "it is insufficient."

Montoya described the proposal as "a superficial, economic cosmetic measure, to satisfy the demands of the international agencies and to obtain good loans."

He remarked that President Callejas "is putting the government in debt so fast that his government is already reaching an additional debt of $300 million, with no results in view thus far." [passage omitted]

The liberal representative was asked about the fact that the Armed Forces' budget is not cut; something with which he apparently agrees.

In response, he noted that the Armed Forces are not satisifed with the budget currently allocated to them, because the institution is spending large amounts of foreign exchange on its logistics and military equipment.

He added that, with devaluation, the armed institution's budget declined from $125 million to $45 million: "This means that the Army has already been enormously stricken by devaluation, because it is one of the institutions using the most imported equipment."

Montoya claimed that there are at present in the Army artillerymen who are not practicing artillery, because the ammunition is too expensive. He indicated that, although the military have accepted the country's reality, "there is no reason to keep provoking the strong."

He declared that what should be done is to make a serious revision of the entire state apparatus, because the government is generating inflation with the fiscal deficit, fostered by issuing paper money without backing.

Nicaragua

President Decrees Production Tax Incentives

PA0805132191 Managua Domestic Service in Spanish 1346 GMT 4 May 91

["Text" of Presidential Decree 19-91 issued at the Presidential Palace in Managua on 2 May]

[Text] Decree No. 19-91

The President of the Republic of Nicaragua

Whereas;

1. It is necessary to facilitate the process of business capitalization and increase industrial production and commercial activity during the period of economic stabilization.

2. It is necessary to create suitable conditions for the transition from the economic stabilization period to the structural adjustment period. The president has therefore issued the following decree granting tax incentives for economic reactivation:

Article 1. This decree is intended to serve as an incentive for economic recovery during the stabilization phase by granting tax exemptions to companies or individuals dedicated to industrial, agricultural, cattle-raising, agroindustrial, or commercial activities who want to replace their machinery or industrial equipment, or who wish to start one of these productive activities or to increase their commercial activities during the term established in this decree.

Article 2. Those individuals or companies referred to under the previous article will enjoy the following tax benefits:

A. A total exoneration, up to 31 October 1991, of the general value added tax and the selected consumption tax applicable to machinery and equipment that the beneficiary may import intended for production.

B. A total exoneration, up to 31 October 1991, to the general tax on raw materials, machinery, and spare equipment, which the beneficiary may import and dedicate to production.

C. A partial exoneration, up to 31 July 1991, to the general value tax on the import of finished and/or consumption products. The import duty for those products will be 10 percent. Excluded from this is the import of motor vehicles that are subject to ministerial accords No. 7-91 and 9-91 dated 4 February 1991.

Article 3. To benefit from this decree, the interested parties must contact the Finance Ministry, which will then outline the requirements.

Article 4. Any misuse by the beneficiary of the machinery, equipment, or raw materials obtained through tax benefits as outlined in this decree will bring about an immediate suspension of the exoneration and taxes will be levied immediately in addition to a fine of twice the tax liability had no exoneration been granted. The fine will be levied on the same date taxes are demanded from the beneficiary of the exoneration.

Article 5. The Finance Ministry is entitled to extend the time limits set forth under Article 2 and issue the required ministerial agreement.

Article 6. This decree goes into effect from the date it is published in any of the media, regardless of when it is published in the Official Gazette.

Issued in Managua, at the Presidential Palace, on 2 May 1991

[Signed] Violeta Barrios de Chamorro, president of the Republic of Nicaragua.

President Chamorro on 'Unofficial' Visit to U.S.

PA0805174291 Mexico City NOTIMEX in Spanish 1610 GMT 8 May 91

[Text] Managua, 8 May (NOTIMEX)—The Directorate of Information and Press of the Presidency (DIPP) has confirmed that Nicaraguan President Violeta Chamorro traveled today to the United States to visit the cities of Los Angeles, Pittsburgh, and New York.

The DIPP added that during her "unofficial" 3-day visit, the Nicaraguan president will undergo a "medical checkup."

Minister of the Presidency Antonio Lacayo will be acting president during Chamorro's absence. Lacayo will travel to Paris on 13 May to participate in the meeting of the conference of donor countries to be held on 15 May.

Lacayo Views Meeting To Assess First Year

PA0805190591 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 7 May 91

[From the independent "Extravision" newscast, directed by Manuel Espinoza, former information minister under the Ortega administration, interview with Presidency Minister Antonio Lacayo by Miguel Mora at the Olof Palme Conventions Center in Managua, date not given—recorded]

[Text] [Lacayo] The UNO [National Oppostion Union] political parties, invited President Violeta Chamorro and the cabinet to participate in a meeting to assess the first year of government and compliance with the government plan promised to the people in last year's electoral campaign. Also attending the meeting were

members of some central union organizations and some deputies. We talked about what has been done, what has not been done, and what is pending for next year.

[Mora] What conclusions did you reach? Is this meeting related to the meeting held with the Sandinist National Liberation Front [FSLN]?

[Lacayo] Not at all, but it falls in line with the government policy of participating in meetings with those persons who want to meet with the government. We meet with the FSLN whenever that party expresses interest in meeting with us. We also meet with other parties [words indistinct] on the nation's problems.

[Mora] What problems of the first year of government were discussed in the meeting?

[Lacayo] More than really discussing problems, I would say that one of the fundamental conclusions is that there must be greater communications, chiefly open and honest communications, since whoever reads just one newspaper or listens to just one radio will get the impression that the situation is getting worse. The truth is very different. We made the commitment here to work on very specific topics to benefit the people—the government's mandate to attain peace, ending the war, and solving the economic problems, which is something we are striving for. These are the fundamental things for which this government was elected.

[Mora] Was the topic of the Transition Protocol discussed in the meeting? Do you support rescinding the Transition Protocol?

[Lacayo] My own opinion as one who signed the protocol is that those who have criticized it never read it. It is criticized by Radio Corporacion and other news media, and this has become [words indistinct]. The thing is that it becomes [words indistinct], but have not read it. The four pillars on which the Transition Protocol rests are included in the UNO government plan. One was to implement the Toncontin Agreement, that is, to end the war in Nicaragua and to end the activities of armed rebels. That was done. Those people joined civilian society.

Another was to guarantee the existence of the Armed Forces and public order forces based on the Constitution. The executive branch wanted them to be basically nonpartisan and national institutions in step with the possibilities of our economy. That also has been done. The third aspect was to have true independence among the state branches and this also has been achieved. This aspect is something in which all Nicaraguans, chiefly deputies and government officials, take pride.

The fourth point was respect for properties assigned by the government before 25 February to encourage trust and confidence in owning property, as well as the possibility of compensating those whose property was taken, based on the laws of the Republic, as the protocol stated. This is also included in the government plan. For that reason, the four fundamental pillars on which the Transition Protocol rest are part of the laws of this country and the government plan. That document reflected the spirit of the law and the government plan.

Politicians View H. Ortega's Remarks on Violence

PA0905030691

[Editorial Report] Managua EL NUEVO DIARIO in Spanish on 6 May carries on page 8 a 1,100-word unattributed report on comments made to the newspaper by different political figures concerning the 4 May statement by General Humberto Ortega, commander in chief of the Sandinist People's Army, that Vice President Virgilio Godoy and Managua Mayor Arnoldo Aleman are instigating violence in the country.

In remarks to EL NUEVO DIARIO, Cesar Delgadillo, secretary general of the Popular Social Christian Party, PPSC, appeals to Nicaraguans to accept "the true meaning of national reconciliation" because promoting armed actions which destabilize the country makes no sense and will have a negative impact on the country's economic situation.

Gustavo Vega, Sandinist National Liberation Front deputy, tells EL NUEVO DIARIO that "Virgilio Godoy and Arnoldo Aleman 'are people—as Presidency Minister Antonio Lacayo said—who do not accept the peaceful transition of power in Nicaragua, and maintain a hardline stance.'"

Poet Alejandro Bravo is quoted as saying the aim of "Godoy, Aleman, and the radical UNO [National Opposition Union] faction is to bring about U.S. military intervention in the country."

Eduardo Molina, political secretary of the Democratic Conservative Party, "indicates he does not believe Godoy and Aleman are trying to destabilize the government," and instead blames the unrest on the government's failure to keep promises made to the contras.

In addition, Managua Radio Catolica in Spanish at 1230 GMT on 6 May carries a six-minute recording of what Aleman has to say about Ortega's accusations against Godoy and himself. The mayor says Godoy has been slandered by Ortega, who "threatened to hang the UNO leaders on a lamp post" during the 10 years of the Sandinist government. Aleman denies that he and Godoy are inciting the people to violence. "Decrees 85 and 86," which authorized the distribution of houses to Sandinist leaders, "must be abolished." He goes on to say: "It is not the people living in cardboard shelters built all over the country by the Sandinist National Liberation Front who will be affected by the abolition of these decrees, but the big chiefs of the past regime, like the Ortega's and D'Escoto's; those who took for themselves the luxurious mansions at El Carmen, Las Colinas, Villa Fontana, and elsewhere."

'Military Sources' Say U.S. Arming Rebels

PA0805163491 Managua BARRICADA in Spanish 7 May 91 p 1

[Report by Juan Ramon Huerta]

[Text] Matagalpa. A group of rebels operating in the northern part of the country are being armed with new U.S. AR-15 and AK rifles, according to military sources in this region. Meanwhile, there are rumours that an unidentified light aircraft has violated Nicaraguan airspace over the La Constancia and San Felipe regions—between San Sebastian de Yali and San Rafael del Norte—and unloaded supplies to the rebels.

A Government Ministry delegate confirmed on 4 May, in San Jose de Bocay, that a group of at least 60 men came in from Honduras, through the border, armed with new weapons, uniforms, and modern communications equipment.

There are reports that in the past weeks the rebels have been digging up weapons and supplies as they plan to surround the San Sebastian de Yali, Wiwili, and San Rafael del Norte municipalities. Military sources added that other heavily armed rebel groups are mobilizing in the Pancasan area, in the Matiguas municipality. There is evidence of secret rearmament in the Esteli sectors, bordering with Jinotega, where it appears that the rebels are carrying out operations in an attempt to create a climate of instability and destabilization.

The EPS [Sandinist People's Army] has not confirmed the report that a small unidentified plane raided Nicaraguan airspace and allegedly supplied the rebels with weapons. On 3 May a group of armed rebels attacked with firearms an EPS brigade that is building a road between San Jose de Bocay and Ayapal.

Farmers Confirm Rearming

PA0805205291 Managua Radio Sandino in Spanish 1200 GMT 8 May 91

[Text] The rearming of the contra groups in the northern part of the country was confirmed on 7 May by several farmers who work in the mountains of Nueva Segovia and by the inhabitants of San Sebastian de Yali, Jinotega, and Rio Blanco, Matagalpa, where it has been confirmed that supplies for the contras have been air-dropped.

Moises Castillo, an EL NUEVO DIARIO correspondent in Matagalpa, reported that one of the farmers who confirmed the contras' military activities is Arcadio Duarte, from Yali, who said he had seen parachutes used to drop military supplies for the former members of the demobilized Nicaraguan Resistance. The farmer affirmed that the contras have occupied the highest hills to avoid clashes with the Sandinist People's Army. Meanwhile, the government avoids recognizing the uprising of the so-called once-again contras [recontras].

Claudio Hernandez, another farmer from the northern part of the country, said he heard a heavy explosion on 5 May.

While this is happening in the Jinotega region, the situation in the Nueva Segovia area is described as a spontaneous demonstration by the former contras in response to the government's failure to keep its promises to give them land and other social benefits. These promises were made before they disarmed and to date have only been partially fulfilled.

The former contras have only one way of protesting, a Sandinist politician told us, and that is with a rifle in their hands.

Ex-Contras, Ex-EPS Officers Kidnap Mayor

PA0805232691 Managua LA PRENSA in Spanish 6 May 91 pp 1, 12

[Report by Celso Martinez]

[Text] Matagalpa—A group of demobilized Nicaraguan Resistance [RN] members, together with several retired Sandinist People's Army officers, took over the Matagalpa mayor's office this morning. They hope to pressure the government into complying with agreements signed with each of the plaintiffs.

The group of about 30 people arrived at the mayor's office at 0900, halting all work as they kidnapped Mayor Frank Lanzas.

Lanzas is director of the "Let's Save Democracy Civic Movement," created nearly a year ago during the El Rama road takeovers by demobilized RN members that were demanding government compliance with the agreements.

The demobilized and retired officers took over the Matagalpa mayor's office to pressure the government into complying with the agreements.

Shortly after protesters took over the installation, police cordoned off the area and this allowed the offices to work normally, except Lanzas', which was occupied by the protesters.

A number of people have gathered near the building and have said that they are willing to enter by force to free Lanzas.

The protesters demand that the government give them land and financing as specified in the signed agreements.

Broadcaster Claims State 'Confiscated' Radio Mil

PA0805152291 Managua Radio Catolica in Spanish 1130 GMT 7 May 91

[Text] Dr. Buenaventura Selva, one of Nicaragua's most prestigious broadcasters, asked Commander Daniel Ortega Saavedra what he did with Radio Mil.

[Begin Selva recording] In reality, Radio Mil was not mine; it belonged to a stock company. The stock company's name—because it still exists—is Selva y [word indistinct] Limited. It so happens that the station was confiscated, or so I am told by Mr. Gadea Mantilla [not further identified]. In a case like this, the state becomes the stock company's partner.

I filed a claim with Coradep [People's Radio Broadcasting Corporation] about the station, but I was never told where it was located, only that it had been transferred to central Nicaragua, somewhere in the vicinity of Siuna, an area that was destroyed. The lies and deceit were proven later. I was told that the station no longer existed, and Coradep offered to repay me for my part. Coradep said that the claim I filed did not name the company or myself, but that I would be partially repaid for my interest. Coradep acknowledged that the payment should have been much larger. [Words indistinct]. After giving me the deed for the station as payment for (?my interest) and explaining that it was a partial payment because Radio Mil no longer exists, Coradep Director [name indistinct] under then President Ortega said that his office was directly answerable to the president.

After the Coradep director told me that the station no longer existed, I traveled to Ocotal and found it. A few days before they gave me the paper stating that the station no longer existed, the station was turned over to Ocotal Municipality with instructions from President Ortega and a letter stating that it had been given to Ocotal Municipality. The letter was signed by then Presidency Minister Commander Rene Nunez. Therefore, they had deceived me when they told me that the station and the station's broadcasting equipment no longer existed. [end recording]

Panama

Endara Responds to Remarks by Arias Calderon

PA0805163991 Panama City Circuito RPC Television in Spanish 1730 GMT 7 May 91

[Text] Over the weekend in Santiago de Veraguas, Vice President Ricardo Arias Calderon remarked that plans that emerge from the comptroller general's office carry more weight than those of the executive branch. President Guillermo Endara referred to these remarks today, as he assessed the government's effort.

[Begin recording] [Endara] You must remember that Arias Calderon is now the leader of the opposition, he must act the part of the opposition, he is doing so, and that is good.

I must tell you that since 8 April when the Christian Democrats withdrew, there has been—as you may have noted—greater coherence within the government. I believe that it is quite clear now who the quarrelsome ones were; not Chinchorro [Comptroller General Ruben Dario Carles' nickname] or the Arnulfistas [followers of the late Panamenist Party leader Arnulfo Arias], but the Christian Democrats. They are the ones who caused the government's lack of coherence. I believe that the government is working superbly now and with such a fine opposition, things may even improve for us.

[Reporter] It has been two years since the 7 May elections. Would you assess the positive and negative aspects of this government?

[Endara] Of course. I believe that if we were to relive what we experienced two years ago, we would see that the government was tyrannical, a dictatorship. You must remember that night two years ago when the Panamanian people were deeply shaken by the government's tremendous repression. Some people, in response to the persecution campaign unleashed by the military government, displayed unique bravery in their defense of the vote count certificates. You can now see that the atmosphere is entirely different, it is an atmosphere of democracy and freedom. Were you going to ask me something?

[Reporter] There are sectors, nevertheless, that feel that the three of you were elected two years ago.

[Endara] Of course. They chose me as president, Ricardo Arias Calderon as first vice president, and Mr. Guillermo Ford as second vice president. I was chosen as president of the Republic, not Ricardo Arias Calderon. [end recording]

Argentina

Minister Cavallo Reviews Economic Program

PY0805120091 Buenos Aires Radio and Television Networks in Spanish 2300 GMT 7 May 91

[Address to the nation by Economy Minister Domingo Cavallo, place not given—recorded]

[Text] Fellow countrymen, during the past few week we have enjoyed a climate of price stability and economic reaction.

Independent of what the statistics say, the prices of some products have increased, others have been reduced, others have remained stable, but on the whole prices are stable. Additionally, we have noted that in almost every sector there has been an increase in consumption.

This sensation of stability and reactivation during the first few months after the launching of an economic plan has been experienced many times in the past. We experienced the same sensation at the beginning of the Austral Plan, the first few months of the Spring Plan, and this government experienced it for the first few months after July 1989.

Regrettably in all these cases the stability and reactivation were only a fleeting sensation. Within a few months, inflation and recession returned with vengeance and provoked new and more severe frustrations.

I am not addressing you today to jointly celebrate a success, which, as history has shown, could be very short lived. I am telling you that this time the results can and must be different. They can and must be long lasting.

President Menem and his aides are convinced that we can and must initiate not just months, but decades of stability and growth. Please note that I did not say decades of reactivation, I said decades of growth because reactivation is an absolutely necessary preamble to a much more important process, a process which has regrettably been absent for a very long time.

The growth of our economy is nothing more than increased investments and job opportunities for ourselves and our children.

In the first place allow me to explain the difference between this stabilization process and previous ones.

This time it is we government officials who identify ourselves as the main culprits in inflation. For some time now, President Menem and his principle aides have been saying that the fiscal deficit and the issuance of money to finance it are the main perpetrators of inflation.

We have been frank to the extent that we have explained to those who demand increased expenditure—which many times is very justifiable, like the cases of pensioners and teachers— that if we acquiesced to those demands with the issuance of money then we would merely be repeating the swindle that has been perpetrated so many times in the past.

A nominal increase in pensions or in the salaries of the teachers, which would be financed through the issuance of money, would only serve to reduce the standard of living of the alleged beneficiaries.

The reason is simple. Every economist knows that our genuine resources are not enough to pay an increase, therefore they issue money and anticipate the effects by increasing prices. The result of all this is that when a pensioner or a teacher collects, with the alleged increase, what they receive is not enough to purchase even the same commodities as before, because the prices of all goods and services will have increased out of proportion.

For us this is a daily experience. I remember watching, in 1973, the then-President Peron on television saying that when there is inflation, prices go up in elevators while salaries go up the stairs. If any doubts remain, the dramatic situation we have experienced since then should have convinced us of this unavoidable truth.

This is why our main commitment is to achieve economic stability through complete eradication of the fiscal deficit. This is not just a commitment of the moment, it has been a commitment since the beginning of President Menem's administration. The fiscal deficit can be eradicated by reducing expenditures and increasing revenues.

Concerning expenditures, when I assumed office as economy minister, we had already achieved important reductions. Expenditures financed by the national government, including the interests of the internal debt, had been reduced by 19 percent in real terms between the first quarter of 1989 and the first quarter of 1991.

Using today's prices as a reference, during the first few months of 1989 we spent more than 24 trillion australes per month, not including the foreign debt interests. Today we are spending approximately 20 trillion australes per month.

There is still much to be done concerning expenditures. We must follow up and improve the privatization of public enterprises and proceed with the administrative reform. The provinces and the state enterprises that have not yet made their adjustments must do so. There are still hidden subsidies that must be eliminated.

Regarding overall expenditures, we should not harbor false illusions. What is worse, instead of reducing the monthly 20 trillion australes expenditures, these will probably increase to 21 or 22 trillion australes during the next few months.

The explanation is very simple. There are many important public works that are not receiving the funds necessary for progress in a timely fashion. There are many infrastructure investments that have been disregarded for too many years and can no longer be postponed. There are some salaries and pensions that are still too

low, and the government has pending debts with retired personnel, suppliers, and contractors. The government is not even paying interest on these debts.

These needed reductions, in so many unnecessary public expenditures, will liberate resources that can be earmarked for other needs. If we are to be realistic, the net result will be an increase and not a reduction of overall expenditure.

This is why I have put so much emphasis on increasing tax revenues since I assumed office as economy minister. I do not want any doubts to remain. The eradication of the fiscal deficit over the next few months will crucially depend on increased tax revenues. The April results are encouraging but they are still not sufficient. The overall tax revenue last March was less than 15 trillion australes. This increased to 20 trillion australes in April, which was more than we expected. You probably recall that in my previous television message, I estimated that the revenue in April would be 18.5 trillion australes.

This result is very good. We have achieved it even though we eliminated export-dollar withholdings and several internal taxes, such as those imposed on automobiles, tires, electric appliances, and electronic items.

This is not enough, however, because in spite of this additional 1.5 trillion australs, the operational surplus—that is, prior to the payment of domestic debt interests—which was scheduled to reach 1 trillion australs, has been achieved even though, in keeping with the additional collection, it should have been 2.5 trillion australs. [sentence as heard]

What happened? Where did the additional 1.5 trillion australs go?

The answer is important. This additional money went to the provinces, which, compared to March, received in April 48 percent more in tax revenues. This money was shared between the federal and provincial governments.

This increase in national revenues that went to the provinces was the result of the tax reform enforced in February which reduced, on the one hand, the tax revenues that cannot be shared between federal and provincial governments—like those resulting from the percentage of export-dollars withheld by the Central Bank and by import taxes—and increased, on the other hand, the tax revenues shared between federal and provincial governments and those directly allocated—100 percent—to the provinces.

It is thus very important for everyone to understand that the provincial governments share the responsibility for supporting stability and the reactivation.

There is no reason now for governors and provincial officials to perambulate through official offices in Buenos Aires. Now that the tax revenues are shared between federal and provincial governments and the royalties, they have all the funds to which they are entitled and they require.

Citizens in every province must ask their governors to streamline expenditures.

It is very important for all Argentines that citizens in every province should no longer reward local demagoguery, which, resorting to federal discourse, often masks an inability or a lack of courage to reduce local expenditures or to collect taxes, whichever is appropriate.

It is true that there has been too much centralism and it is true that there still are many regulations that hinder the operation of regional economies. Nevertheless, concerning national funds for local administrations, the month of April has set a real record. The provinces have received the largest amount of funds in their history and, henceforth, they must manage with these funds and with those they can obtain from local sources.

It is impossible to think of additional contributions from the National Treasury. The provinces must work toward the reduction of expenditures as the national government has been doing.

We assumed the responsibility of eliminating the obstacles that prevented the full use of the funds earmarked for the provinces. This is what we are doing—for example—in the oil sector through the privatization of the secondary and the central areas.

Consequently, it is foolish for a governor to threaten to increase local taxes which in turn would drive away private investors. What does he want? Does he want to have no investments and to keep the oil underground?

I am saying this frankly because we have to be very firm if we want to consolidate stability and promote development.

Let me go back to the subject of fiscal revenues. We managed to collect 20 trillion in April, but we need to reach 23 or 24 trillion per month. We thus still need to increase revenues by 15 to 20 percent. However, the revenues from the taxes that do not cause much distortion of the economy—the IVA [Value Added Tax], the tax on assets and profits, and social security contributions—should be increased by a still larger percentage because there are some inappropriate taxes that should be reduced or eliminated as soon as possible.

The taxes on stamps, on security transactions, and on bank debits are definitely bad. They really obstruct the development of the capital market, raising the operational cost of financial middlemen. This causes interests on loans to remain very high despite the reduction of interests on deposits.

For this reason, within the next few days we will ask the National Congress for authorization to reduce, and eventually eliminate, these taxes. We will be able to use this authorization only if we can sufficiently increase revenues of equitable [neutrales] taxes.

To achieve this we will continue to improve the current tax law and make more efforts to eradicate the evasion of taxes and social security contributions. We are implacable on this.

Tax payers have already had their opportunity to declare their tax and social security debts, and they must now meet their obligations.

Those who evade payments of taxes and social security contributions are criminals and will be treated as such because failure to pay taxes means contributing to the hunger of retired personnel and of the workers; it means maintaining the child mortality rate very high; and continuing to degrade the infrastructure of the country.

Moreover, as we all must demand the eradication of superfluous expenditures, and that public expenditures be handled with extreme austerity, and that we must all contribute to eradicate tax evasion, which is a form of a generalized corruption. You can help by requesting receipts that show the IVA number every time you make a purchase.

Within the next few days, we will send to Congress additional amendments to the tax law, seeking to further simplify taxes, to make them more equitable, and to foster the repatriation of capital. We hope Congress will treat this law as expeditiously as the February emergency fiscal measures and the convertibility law it discussed and approved last March.

In sum, over the next few months we must generate a surplus, before the payment of interests, of 3 trillion australes per month. That is, three times higher than that achieved in April. With this surplus, added to the income resulting from privatizations and the sales of public assets, we will be able to pay a reasonable level of the internal and foreign debts interests. We must also accrue resources in order to solve, in a period no longer than a year, the foreign debt problem that has been dragging for 10 years.

The benefits of a debt renegotiation will be immense. For countries like Mexico and Chile, having new access to the international capital market after a reorganization of their economies is bringing them tremendous benefits in terms of investment and growth.

And if we do things well, we will be able to enjoy the same treatment in less than one year. It is essential, therefore, that we do not disregard the fiscal front for one minute. This is our responsibility, our main responsibility and you can rest assured that we will fully assume it.

The difference between what we are experiencing now and the previous stabilization plans do not end with this firm and unprecedented stance on the fiscal deficit. There are also great differences between the functioning of the goods and services markets and of the labor market. All previous stabilization plans have used, in a lesser or greater degree, a control on prices and salaries, and a control on the exchange policy.

Today everything is very different: prices, salaries, interest rates, and the exchange operations are totally free. The government does not and will not control them, but this does not mean that they are uncontrolled.

On the contrary. They are under the best of all controls. They are being controlled by each Argentine and this is very important.

The Argentine people are now responsible for controlling prices and have the best tool for that: I refer to the convertible austral [austral convertible], which is a strong currency. The convertible austral is supported by the Convertibility Law and its value is guaranteed 100-percent in gold and foreign reserves. The converted austral has, and will continue to have, a real value. This is why you must not throw it away. Do not buy from those who want to sell you at high prices. If you are not in a hurry to buy your things and you look for the best prices, you will surely find them. Those who try to sell you their products at higher prices will have to change their attitude. This is what each of us must do. As a result of that, the unregulated prices policy will benefit us all.

Do not believe those who tell you that the dollar is cheap or that the austral is overvalued. The truth is that several prices are still too high and must drop. They will drop if each one of you controls them. You must control them because this time we will not do it for you.

The unregulated prices policy will continue. We know too well that the government can control prices but we will not control them. Our full capacity will be concentrated on collecting taxes. The mechanism is that simple.

The third important difference between this and previous stabilization plans is that workers and businessmen will only be able to increase their incomes if they increase their productivity and efficiency. No one will benefit from inflation any longer. The government will not benefit from it because, as a result of the Convertibility Law, it can no longer print money without the equivalent reserves in foreign currency or gold, and it cannot devalue the austral either. The monopolistic businessman cannot benefit either because, as a result of the opening of our economy and the policy of unregulated prices, he will no longer sell his products if he increases prices or overlooks some costs. Despite their past successes in mobilizing the workers and exerting pressure, the labor unions will not benefit from inflation either for the same reasons. The government can no longer print money to finance the public deficit nor can it finance inefficient businessmen or pay for salaries that have been irresponsibly increased. Those who increase salaries without increasing productivity will have to dismiss their workers and, as a result, they will only increase unemployment. I must be very clear and honest in this regard. Although some salaries seem low if compared to the price of the basic staples, I must say that in several sectors these salaries are too high if compared to some companies' productivity. This is why productivity must surely increase.

The reactivation of demand enables companies to make better use of the capital they have already invested and make better use of their workers' capacity. In addition to reactivating demand, companies must implement changes that will enable them to better use their invested capital and their workers' capacity, and the workers must support these changes because greater efficiency results in a best supply of goods and services. Let us be realistic: Even if there is a great deal of demand, the people's standard of living cannot improve unless the supply also increases. This is another issue that we must also make very clear: Reactivation depends on increased productivity. That is, it depends on an increase in the supply of goods and services in all markets. Therefore, any obstacles caused by the government, businessmen, or unions will hinder reactivation, and this will consequently also hinder investment and growth.

The Argentine people should clearly understand that efficient work is the only source of wealth. Unemployment, unproductive work, and laziness may have produced an income during the years when we lived under the illusion of easy indebtedness and the inflationary printing of money. But this illusion no longer exists. We must live with reality. We can progress only through productive work. Everything else is just a fairy tale.

Another reason why this stabilization plan is different from the previous ones is the degree of efficiency of the economy. You already know about the economic opening program implemented on 1 April. Many nontariff restrictions were eliminated and tariffs were reduced, but some complementary measures still need to be implemented.

In the next few days, a decree will be signed that will facilitate the importation of medicines from countries which have quality control measures similar to ours. We will also introduce improvements to the internal marketing of these products. This is important for Argentina and will keep the prices of medicines from being higher than those in countries like Chile or Brazil. We have found that in many cases medicines are 30- to 50-percent higher here than in the neighboring countries.

We hope that very soon Congress will approve the amendments proposed to the food control code to facilitate the importation of food. We are experiencing a contradiction in that food prices are very high in a country full of natural resources for agricultural and livestock production. And these prices are resisting reductions despite the fact that all inputs in the food industry have dropped. This is why we believe that a monopolistic attitude continues to prevail and we are going to change this through competition. Some time ago several industrialists were the free price champions for food and medicine, but they were very careful to use the excuse of the quality control issue to avoid foreign competition. This will not occur in the future.

Competition will get to all sectors. In the automotive industry we first wanted the demand to be reactivated in order to encourage production and to reduce costs. But the only way to make sure that automobile quality improves and that prices fall is by having strong competition. This is why we decided to authorize the importation of 8,000 automobiles, which will pay a 35-percent tariff plus the IVA but without any other taxes.

Public biddings will be made for the authorization to import the automobiles. The authorization will be made in accordance with the date proposed for the deposit of the tariff and IVA amounts. There will be no requirement to export vehicles or spare parts for equivalent amounts as was previously required. These importations will not affect the market of national production but it will force the local auto manufacturers to prepare themselves to improve the quality of automobiles and to reduce their prices. By doing so, we are also going to have a extra tax revenue which will enter the treasury quickly.

Regarding electronic products, consumers should not accept any overpricing. If there is a shortage it will only be temporary because if the local producers do not supply the market right away we will facilitate even further the importation of these products. If the products have import tariffs and domestic taxes we will do the same as with the automobiles, unifying the two in a 35-percent tariff and completely eliminating domestic taxes in order to make it more clear and simple. Only automobiles and electronic products will have a tariff above 22 percent until the non-tariff restrictions are fully eliminated and we get a final regulation. Transportation and port deregulation will be achieved very quickly. We hope that Congress will soon approve a good port law to do away with the very large costs which has isolated our country from the rest of the world.

We are also actively working with Congress to improve the norms that regulate the labor markets. We want companies to be able to sign more flexible contracts in certain circumstances, to set ceilings on severance payments, to insure against risks of labor accidents, to negotiate salary and labor conditions so as to encourage productivity and facilitate the creation of jobs.

This means that deregulation and competition, which are the essential ingredients for the smooth functioning of markets, will now become true as never before. In sum, we are convinced that the stability and reactivation we are experiencing will not be short-lived phenomena. We can and must transform them into permanent processes that will, in the near future, open up opportunities for investment, jobs, and growth in our economy. There is no other country in the world where the difference between real and potential income is as large as it is in Argentina. This is why what we can attain in terms of improvement of standard of living is enormous. All we need to do is to be realistic and persistent. The productive revolution which President Menem promised during his election campaign is fully underway. It is your responsibility and our responsibility to see to it that it does not stop. Thank you.

Menem Creates New Service To Fight Trafficking

PY0905022491 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1855 GMT 8 May 91

[Text] Buenos Aires, 8 May (NA)—Alberto Lestelle, secretary for planning and coordination for drug abuse prevention and the antinarcotics struggle, today confirmed that President Carlos Menem on 18 April signed secret Decree No. 717 creating the Federal Intelligence Service Against Drug Trafficking [Servicio Federal de Inteligencia Contra el Narcotrafico]. Lestelle commented that, in his opinion, the most appropriate person to head this new organization would be retired Police Chief Vicente Luis Brizuela.

Lestelle—who met with President Menem at Government House—reported that the new service will start operating in 30 or 60 days and added that "it should not be confused with the U.S. Drug Enforcement Administration," the DEA.

Lestelle reiterated that no members of the Armed Forces "are included in this organization" and noted that [words indistinct] technically prepared man.

He also said that this federal service, which will operate under his secretariat, also includes personnel provided by other security organizations that already have teams trained for the antidrug struggle.

Bolivia

Government Promises To Meet With Coca Growers

PY0905011691 Madrid EFE in English 2250 GMT 8 May 91

[Text] La Paz, May 8 (EFE)—The Bolivian government on Wednesday [8 May] promised to meet coca leaf growers who have threatened to block roads and railways to protest the proposed deployment of U.S.-trained, anti-drug forces in the country.

"We are going to go to the very limit to talk about and listen to the farmers' demands," Interior Minister Carlos Saavedra said after announcing that he would meet Thursday with growers' representatives in the city of Cochabamba, 403 km east of La Paz. But if the talks break down Saavedra warned that he would not hesitate to send in police and, if necessary, the Armed Forces to keep roads and railways open.

On April 29, U.S. military advisers began training the first Army battalion dedicated to destroying plantations where coca leaf is illegally grown for manufacture into cocaine.

The United Farm Workers Confederation, which groups the country's five major farming unions, responded by threatening to set up roadblocks on May 13 to pressure the government into withdrawing the U.S. advisers. It has also demanded that the government annul its 1990 treaty with the United States that specified a role for the Bolivian Army in the drug war. Coca farmers say Army involvement would lead to increased violence.

The Bolivian anti-drug units were created after President Jaime Paz Zamora dropped his earlier opposition to Army involvement in the war against illegal coca cultivation and its manufacture into cocaine.

The United States had frozen 14 million dollars in military aid to La Paz to pressure Bolivia into using the Army in anti-drug operations. The funds were released when it was announced that the special units were being set up.

Bolivia is the second-largest producer of coca after Peru, and thousands of subsistence farmers eke out a living by cultivating the plant. The U.S. Drug Enforcement Administration says Bolivia is also the largest manufacturer of cocaine after Colombia.

Troops Deployed to Border Following Clash

PY0805184691 Madrid EFE in Spanish 1738 GMT 8 May 91

[Text] La Paz, 8 May (EFE)—A local radio station today reported that Bolivian Army troops were deployed last night to the border with Peru following a clash between Peruvian police and guerrillas near the border.

Radio Fides reported that 18 members of the Tupac Amaru Revolutionary Movement (MRTA) clashed with Peruvian police personnel 5 km from the border. The Bolivian troops sent to guard the border area have been posted on the outskirts of the city of Apolo, 214 km north of La Paz, very near Peruvian territory. Military sources told Fides news agency that the Army command is studying the possibility of sending "larger" units to the area.

Bolivia and Peru share a 1,131 km border along which there are very few control posts. Bolivian Government officials have admitted that Peruvian guerrillas cross the border to rest or to recover from injuries.

Brazil

Portugual's Cavaco, Collor Sign Agreements

PY0805155691 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 May 91

[Text] Portuguese Prime Minister Miguel Cavaco Silva assumed an important commitment during a meeting he held with President Fernando Collor de Mello at the Planalto Palace.

Cavaco Silva will propose this commitment in a meeting to be held by representatives of the EEC and the Common Market of the South.

Cavaco Silva, who will be installed as the EEC chairman in 1992, invited President Collor to attend a meeting of the EEC council scheduled for 1992.

The two dignitaries signed nine bilateral accords, including ones related to the economic and industrial cooperation and the transfer of information in the areas of technology, scientific research, natural resources, and the environment.

Brazilian Economy Minister Zelia Cardoso de Mello and Portuguese Finance Minister Miguel Beleza signed a joint communique to help improve bilateral commercial relations.

The communique initiates an understanding aimed at an accord on mutual promotion for direct investments. The two ministers decided to review the agreement that seeks to avoid double taxation on profits, which was signed in 1971.

The two ministers also committed themselves to review the inter-banking agreement on mutual investments, and to expand the investments to other countries, mainly to Portuguese-speaking African countries.

Beleza said that he believes trade relations between Brazil and Portugal have not yet reached the desirable level, but this situation may change after the visit of Prime Minister Cavaco Silva, who came to Brazil accompanied by businessmen.

[Begin Beleza recording] This is why the Portuguese prime minister wants to assign a particular role to the economic and financial aspects of this visit, not just because of the presence of the commerce minister, the director of the Bank of Portugal, and myself, but because we are accompanied by a great number of Portuguese businessmen from all sectors, presidents of industry confederations and of the Portuguese trade federation. I think that they are already obtaining results or will soon obtain them following the contacts they made in Rio de Janeiro, in Brasilia, and especially in Sao Paulo. [end recording]

The communique also states that the European integration process, the continuation of the political and economic reforms in East Europe, and the economic changes in Latin America will help to establish the bases for a more firm international economy.

Cavaco Praises Agreement

LD0805101891 Lisbon Domestic Service in Portuguese 2300 GMT 7 May 91

[Excerpts] Keypoints of Prime Minister Cavaco Silva's meeting with Brazilian President Collor de Mello were Mozambique, Angola, and southern Africa in general. Other topics discussed were bilateral cooperation, the importance of Luso-Brazilian summits, and Portugal's forthcoming EEC presidency. [passage omitted]

The meeting between ministers ended a few hours ago with the signing of important documents. Maria Jose Guedes reports:

[Guedes] Nine accords were signed: Extradition and judicial cooperation, air transport, social security, drug trafficking, consular cooperation, a protocol on Portuguese discoveries, and a memorandum of understanding on maritime transport. For the Brazilian president, these accords have not only given a historic dimension to bilateral relations between the two countries, but have also given shape to the true relationsip between friendly and sovereign countries. [passage omitted]

In his speech, Cavaco Silva stressed the improvement of relations between the two countries with the signing of the new accords and the occurrence of regular summits.

[Begin Cavaco Silva recording] The agreements signed, namely the one setting the framework for political and economic cooperation, provide for an adaptation to modern times and to the new realities experienced by the two countries. It is an innovative agreement, the like of which Portugal has never signed before with any other nation, and it points the way to future cooperation in a multiplicity of spheres such as fisheries, the environment, agriculture, industry, energy, tourism, telecommunications, and scientific and technological research.

Broad cooperation prospects have thus been opened up which can provide a good context for initiative from the business sectors of the two countries, initiatives which are indispensable for the sustained development of our relations. [end recording] [passage omitted]

Collor, Cavaco Comment

PY0805234091 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 6 May 91

[Text] President Fernando Collor and Portuguese Prime Minister Cavaco Silva held two working meetings at Planalto Palace today. The first working meeting took place at 1000 this morning. At 1730 Cavaco Silva returned to Planalto Palace to sign nine documents with Fernando Collor. The most important agreement is on cooperation in intensifying economic and political relations. It is through this agreement that Brazil intends to sell its products to the EEC; the European market will be practically closed to other continents as of next year.

Four other agreements were also signed: An agreement to cooperate in fighting drug trafficking, an agreement to increase regular air transportation, an agreement on social security, and an agreement on consular cooperation to strengthen links between authorities of the two countries. The heads of state also signed two treaties: an extradition treaty and a treaty on mutual aid in matters pertaining to penal trials.

The two presidents also signed a memorandum to increase ocean transport and a protocol on the commemoration of Portuguese discoveries. This protocol will be used in preparing the commemoration of the 500th anniversary of the arrival of Pedro Alvarez Cabral in Brazil, a celebration which will take place in the year 2000.

Prime Minister Cavaco Silva, who came to Brazil accompanied by 14 ministers and state secretaries, said the agreements represent a change toward modern relations and reflect the new realities in the two countries.

[Begin Cavaco Silva recording] These agreements are more important than anything Portugal has signed with any other nation. They will pave the way for future cooperation in various sectors, including fishing, the environment, agriculture, industry, energy, tourism, communications, and scientific and technological research. Vast prospects for cooperation are opening up for us. The agreements will help private entrepreneurs in the two countries. This is essential for the sustained strengthening of our relations. [end recording]

After the signing ceremony President Collor and Prime Minister Cavaco Silva went to the Portuguese Embassy to open an exhibition entitled: Portugal, the Opening of the World.

President Fernando Collor and Portuguese Prime Minister Anibal Cavaco Silva signed nine documents including protocols, treaties, and cooperation agreements. President Fernando Collor said relations between Portugal and Brazil have been strengthened, particularly after the signing of the statute of equality [estatuto de igualdade] in economic cooperation.

[Begin Collor recording] The documents we have signed do not only give great importance to our historical bilateral relations; they also strengthen true cooperation between our friendly and sovereign nations. The agreements will contribute to seeing each other on equal terms and with mutual respect. It will help insert the two countries into the dynamic nucleus of our times.

During this visit Portugal and Brazil inaugurated a new stage in their relations. Our common cultural heritage has always made the dialogue between our government fluid and fraternal. Our common values and aspirations have accustomed us to seeking agreements through negotiations. With the documents our governments have just signed, we have reached a point in our relations in which the wealth of the present joins our rich common past. These are prerequisites for building a better future. [end recording]

For President Collor the meeting with the Portuguese prime minister was useful for strengthening the rapidly expanding relations between Portugal and Brazil on the eve of the third millennium. The wife of the prime minister, Maria Cavaco Silva, also made a courtesy visit to Rosanne Collor [wife of the president], LBA [Brazilian Welfare Legion] president.

Dona Maria was accompanied by the wives of four Portuguese ministers who are on an official visit to Brazil. During the meeting the first lady spoke about LBA projects for elderly people and needy children. She spoke about the My People project, which has been introduced in 33 municipalities in 17 states. Rosanne Collor said that with the help of the Federal Government the LBA intends to start similar projects in every Brazilian municipality. At the end of the visit Rosanne Collor gave Dona Maria an LBA schedule and a booklet with a summary of all LBA projects implemented during its 50 years of existence.

Economy Minister Resigns; Replacement Named

PY0905013291 Madrid EFE in English 0101 GMT 9 May 91

[Text] Brasilia, May 8 (EFE)—Brazilian Economy Minister Zelia Cardoso de Mello on Wednesday [8 May] tendered her resignation to President Fernando Collor de Mello, the Brazilian television station Manchete reported. Collor called Cardoso to an urgent meeting at the presidential palace after receiving her resignation offer along with Jarbas Passarinho, justice minister and government coordinator. Rumors as to Cardoso's intention to resign due to differences with other cabinet members have been circulating since Tuesday.

[Madrid EFE in Spanish at 0055 GMT on 9 May carries the following Brasilia-datelined item:

"Marcilio Marques Moreira, current Brazilian ambassador to Washington, was today appointed new economy minister, according to official sources.

"Marques Moreira, 57, will replace former Minister Zelia Cardoso de Mello, 37, who today tendered her resignation due to disagreements with high-ranking members of President Fernando Collor de Mello's cabinet which have surfaced in recent weeks.

"Political sources have stated that the replacement of the economy minister will not entail a change in the government's current economic policy, the main characteristics of which are a freeing of the market and the struggle against inflation."]

* February Industrial Production Figures

91SM0287D Rio de Janeiro O GLOBO in Portuguese 13 Apr 91 p 22

[Text] Industrial production in Rio de Janeiro State fell by 7.7 percent in February as compared with the same month of 1990—when it had risen by 4.4 percent. Even so, this was a much better performance than turned in by Sao Paulo industry, which suffered a retraction of 22.4 percent—the worst results ever reported by IBGE [Brazilian Institute of Geography and Statistics], which released the regional figures on industry yesterday.

The best performance was recorded by Bahia, where production expanded by 4.4 percent. The other states showed declines: Minas Gerais 15.5 percent; Rio Grande do Sul 9.8 percent; Parana 4.9 percent; Pernambuco 5.7 percent; and Santa Catarina 11.3 percent. The Northeast achieved an increase of 1.9 percent, while the South fell by 9.8 percent.

National Treasury Announces Surplus for Apr

PY0905030891 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 7 May 91

[Summary] The National Treasury has registered a 4.2-billion-cruzeiro surplus in April. This is the 13th monthly surplus since the implementation of the Collor plan in March 1990. The Treasury has accumulated a total surplus of 363 billion cruzeiros over that period.

Chile

Air Force Members Leave for Persian Gulf

PY0805190491 Santiago Radio Chilena Network in Spanish 1700 GMT 8 May 91

[Text] The Chilean Air Force, FACh, personnel who will complement the Chilean detachment observing the peace process in the Persian Gulf region have just left.

Last week, 50 members of the FACh flew to the Persian Gulf in an Air force plane at the request of the United Nations. The support group also included several helicopters.

Three pilots and two helicopters have left in a U.S. Air Force plane.

Pinochet Reportedly To Visit Israel, RSA

PY0905024691 Santiago Television Nacional de Chile Network in Spanish 0000 GMT 9 May 91

[Text] The government today authorized General Augusto Pinochet, Army commander in chief, to leave the country on official business until 5 June. It was not officially reported, however, when he will leave or what countries he will visit.

Our program "24 Hours" has learned, however, that General Pinochet is leaving tonight on board an Armed Forces jet. His itinerary allegedly includes Israel, Switzerland, and France. It is quite likely he will visit England, depending on the political atmosphere prevailing in that country.

The Army commander will supposedly end his tour in South Africa [RSA].

Finance Minister Returns; Says Situation Good

PY0805172691 Santiago Television Nacional de Chile Network in Spanish 0000 GMT 8 May 91

[Text] Returning to the country today, Finance Minister Alejandro Foxley said that some analysts have changed their opinion for political reasons and are thus giving a mistaken impression of the Chilean economic situation.

Upon his arrival, Minister Foxley briefly commented on the latest rumors of economic instability in Chile regarding an alleged increase in the inflation rate and a paralyzation of national growth.

[Begin Foxley recording] There is no basic problem with the Chilean economy. Public opinion is perhaps excessively nervous, and some analysts, for purely political reasons, change their opinion and attitude frequently and unduly exaggerate facts. There is no reason for that because our economy is functioning very well, price stability is ensured, and our economy will surely grow during 1991. [end recording]

The finance minister just returned from a two-week visit to Washington and New York where he attended meetings at the World Bank and the IMF as the head of these two institutions' development committees.

OAS Secretary General Arrives in Santiago

PY0905020291 Santiago Radio Cooperativa Network in Spanish 2300 GMT 8 May 91

[Aldo Anfossi report from Pudahuel International Airport]

[Text] OAS Secretary General Joao Clemente Baena Soares arrived in Santiago a few minutes ago. Tomorrow he will sign an agreement to formalize the holding of the 21st annual OAS General Assembly between 1 and 3 June 1991 in Santiago. Baena Soares noted the importance of the fact that this assembly will be held in Chile.

[Begin recording] [Baena] I am convinced that this will be one of the most important assemblies in the recent history of our organization.

[Reporter] Why?

[Baena] Because there are current issues to be discussed. The member countries are concerned about new issues. For example, there is great emphasis on the issue of the environment. [end recording]

These were the words of OAS Secretary General Joao Clemente Baena Soares who, as I just said, has just arrived in our country.

More than 30 countries will participate in the 21st annual OAS General Assembly during which the most burning issues concerning the inter-American system will be discussed. Baena Soares said that, for the inter-American system to be effective, it must trust its own mechanisms.

Central Bank Reports Foreign Debt Figures

PY0905032291 Santiago Radio Cooperativa Network in Spanish 2300 GMT 7 May 91

[Summary] According to a Central Bank report issued on 30 April, Chile's foreign debt decreased by $60 million between February and April 1991. The foreign debt stood at nearly $17.5 billion on 30 April.

Colombia

Government Says Peace Talks To Begin 'Mid-May'

PA0805204091 Bogota Inravision Television Cadena 1 in Spanish 1755 GMT 8 May 91

[Text] The first contacts between the government and the Simon Bolivar National Guerrilla Coordinating Board [CNG] to coordindate the agenda for the peace dialogue will definitely not begin until mid-May in Cravo Norte, Arauca.

The government representatives will soon travel from Bogota while the three rebels in asylum in Venezuela will travel from Caracas to this peaceful town that was unknown until now.

The meeting between the CNG and the government will not take place this weekend in Cravo Norte, said peace adviser Andres Gonzalez Diaz.

[Begin recording] [Gonzalez Diaz] The meeting will probably take place sometime next week. Preparations are under way and everything is set so that it will probably take place next week.

[Reporter] What are the goals of that meeting?

[Gonzalez Diaz] The meeting means, first of all, the beginning of a direct dialogue, which the government had announced. It has the specific goal of defining the places, the persons, and the procedures that will lead us to a followup meeting, which the government hopes will take place abroad in order to make progress in a phase that will ultimately lead to peace.

[Reporter] What do you expect from this meeting?

[Gonzalez Diaz] I am very optimistic about this meeting. However, at the same time, I am very aware of the difficulties and complexities of such a serious process. I am very aware that this is just a starting point within a process that should be marked by perseverance and seriousness; naturally, we must not be naive at all. [end recording]

Government Preparing for Talks

PA0905001891 Bogota Radio Cadena Nacional in Spanish 1200 GMT 8 May 91

[Text] Government and Interior Vice-Minister Andres Gonzalez said today that the Colombian Government will step up its preparations for the peace talks with the Simon Bolivar National Coordinating Board [CNG] guerrillas scheduled to take place this weekend in Cravo Norte, Aracua Intendency. He also said that the work being done at this time centers on setting the date for the first contact and preparing the commission that will travel to the site where the peace talks will take place.

He indicated that initially Government Vice-Minister Andres Gonzalez and Carlos Eduardo Jaramillo, peace issues adviser to the president, will travel to Cravo Norte. Monsignor Guillermo Vega and Father Nel Beltran, who will act as mediators, may also travel there.

Gonzalez also disclosed that Colombian Ambassador to Venezuela Noemi Sarin de Rubio has completed all the necessary arrangements to move the CNG guerrillas currently in Venezuela to Cravo Norte, and to guarantee their safe return to Caracas.

The government vice-minister also said that the preparations entail implementing security measures that will guarantee the normal development of the negotiations.

Rebels Seize San Pablo, Attack Oil Facilities

PA0805174391 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 May 91

[Report by Pablo Vasquez]

[Text] Three policemen and at least 10 guerrilla fighters died a few hours ago during the takeover of San Pablo Municipality, south of Bolivar Department, where several public offices and oil installations were destroyed. Other, still unconfirmed, reports say that 20 subversives have actually died.

Three policemen died and five were wounded during the action, which was courageously stopped by 12 policemen. The guerrillas used all kinds of weapons, including a home-made rocket launcher, but were not satisfied with the results. They also wanted to set fire to the police station; they brought gasoline cans, hoses, and electric pumps to spray the gasoline, but they were not able to do so.

Despite the all-out attack launched from the municipal offices, located in front of the police station, and from the church—where some guerrillas apparently died, given the traces of blood found on the floor—some people agree that the wounded and dead—which, judging from a message intercepted by the Army, included the group's commander, Jair—were taken away by the rebels aboard a motorboat which they took from the port.

[Begin 5th Brigade Commander General Gil Colorado recording] The police force's timely reaction, supported by the Armed Forces and the Air Force, managed to make the bandits run away. [end recording]

The radio antennas of the police were rendered out of service, and some high-tension wires were blown up. Nevertheles, the police managed to send a report.

The guerrilla forces simultaneously attacked some Ecopetrol [Colombian Petroleum Enterprise] installations in Cantagallo and Pozo Seis, damaging 4,000-gallon and 5,000-gallon storage tanks. The oil spill which occurred near Puerto Wilchez will not affect the Magdalena River, thanks to Ecopetrol's measures.

Journalist Held by Extradictables Sends Letter

PA0805122591 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 May 91

[Report by Gloria Congote in Bogota]

[Text] One day after Father Rafael Garcia Herreros appeared on the "24 Hours" newscast and revealed the contents of a message from Pablo Escobar, in which he announces the possibility of turning himself in to the authorities, we learn of the existence of a letter from one of the journalists who is being held hostage by the Extraditables.

Maruja Pachon de Villamizar has apparently been able to meet some of her kidnappers, who have told her they will respect her safety. She, in turn, has written them a letter in which she thanks them for their intentions to not cause her any harm. As we sit here listening to one of her favorite songs, we tell Maruja that she should not lose the faith and courage she has shown in her letter—written by hand—to the Extraditables.

One of them apparently spoke with Maruja and told her that they would respect her personal safety. She then wrote them this brief message, dated 24 April, thanking them for the news and offering the sacrifice of her captivity for the achievement of peace in Colombia. We obviously do not know where it came from, but a copy of the letter arrived by mail at Maruja's house on Friday 3 May. Her husband, Alberto Villamizar, read us an excerpt from that letter.

[Begin recording] [Villamizar] I have no feelings of retaliation against you, much less against the persons who have been in charge of this process. On the contrary, I thank you for the... [Villamizar pauses]

[Congote] Dignified.

[Villamizar, continuing] The dignified way in which you have treated me. I hope that you will finally be able to make use of the government's decrees, that you will achieve a peaceful future for you and your children in Colombia; and that all the Colombian people's human rights will be respected. [end recording]

Maruja, wherever you are, have courage and strength. I know that it is difficult to say it, but we all understand that it is much more difficult to withstand it.

Ecuador

Petroecuador Notes Drop in International Sales

PA0805164591 Quito Voz de los Andes in Spanish 2300 GMT 7 May 91

[Text] Commenting on news reports, Luis Roman, Ecuadoran State Petroleum Enterprise manager, has admitted that the country has been having problems in marketing our hydrocarbons abroad because of an increase in the offer from the Middle East. The Middle East is competing with our country, chiefly on the U.S. gulf coast. Statistics show, he said, that in the first four months of the year, exports were slightly below the expected average, and so the storage level is above normal.

He said: We have exported 130,000 barrels a day, while the expected figure was 133,000 barrels a day. This meant a greater amount of oil has been stored in the eastern tanks and in the Balao oil port. Roman noted that the marketing difficulties are nothing new for our crude. The marginal position we have in the world oil market has made us particularly vulnerable to crises like the one currently affecting Ecuador's crude.

Peru

State of Emergency Extended in Five Provinces

PY0805225691 Lima RTP Television Network in Spanish 1800 GMT 8 May 91

[Excerpt] [passage omitted] The gazette EL PERUANO today published a decree extending the state of emergency for 60 days in Ica, Chincha, Nazca, Pisco, and Palpa Provinces. [passage omitted]

National Police Arrest Shining Path Fund Raiser

PY0805182891 Madrid EFE in Spanish 1611 GMT 8 May 91

[Text] Lima, 8 May (EFE)—Judicial sources have reported that the National Peruvian Police have arrested Magda Mateo, 31, who was wanted for allegedly being responsible for raising funds abroad for the armed Maoist terrorist group, Shining Path.

Mateo and her husband were both arrested in the Jorge Chavez International Airport in Lima as they were about to board a Brazilian Varig [Rio Grande do Sul Air Transportation System] plane bound for Los Angeles, United States, and it is believed that they intended to continue to Tokyo, Japan.

Antiterrorism Court Prosecutor Juan Espinari, who is hearing this case, has reported that personnel of the Police Counterterrorism Division had been following Magda Mateo for a long time.

Uruguay

Economic Team Meets To Analyze Economic Goals

PY0805173491 Montevideo Radio El Espectador Network in Spanish 1000 GMT 8 May 91

[Text] The government has ratified its main economic policy guidelines for the future, and although none of the participants of the economic team's long meeting, which took place in the Economy Ministry, specifically referred

to the subject, the main [words indistinct] revealed that the main guidelines must comply with the government's goal of change.

These guidelines establish fields of action and goals. Public spending will be further controlled although reduction goals were not yet defined, although everything indicates the opposite. The economic team also plans to adopt measures to improve tax collection and control, a project in which the National Committee of Struggle against Tax Evasion is already [words indistinct].

The government is also very concerned over several taxes which were eliminated in last year's fiscal adjustment. The government is considering the possibility of restoring these taxes either through changes in regulations or through the law. These taxes are the IVA [Value Added Tax], the IRIC [Income Tax on Industry and Commerce] and the Imagro [Tax on Farming Activities].

The economic team also analyzed the possibility of establishing, by the end of 1992, a surtax on income tax, which is gradually diminishing and which is consequently affecting government income.

The goal of the government is to definitively eliminate the fiscal deficit, which is why the economic team has analyzed all the options to attain this goal which the government considers a key issue for curbing inflation.

The following members of the economic team attended the meeting: President Luis Alberto Lacalle; Vice President Gonzalo Aguirre; Senator Carlos Julio Pereyra; Economy and Finance Minister Enrique Braga; Agriculture and Fishing Minister Alvaro Ramos; Carlos Cat, labor and social welfare minister; Planning and Budget Director Conrado Hughes; Central Bank President Ramon Diaz; Emilio Berriel, Bank of the Republic president; Economy Under Secretary Javier de Haedo; Central Bank Vice President Agustin de Urtubey; and the presidents of decentralized autonomous government institutions.

More reactions to this meeting will probably be made known in the next few days.

Guyana

Electricity Workers Still Striking for Wage Hike

FL0305204191 Bridgetown CANA in English 1509 GMT 3 May 91

[Text] Georgetown, Guyana, May 3, CANA—A strike by electricity workers seeking a pay increase has been dragging on in Guyana. The National Association of Agricultural, Commercial and Industrial Employees (NAACIE), which called the strike, wants the Guyana Electricity Corporation [GEC] to give a 400 per cent pay increase, but said it would settle for an interim 75 per cent increase with the remainder to be paid later.

The GEC has offered a 50 per cent hike as an interim measure, pending the outcome of further negotiations with the two unions which represent GEC workers. NAACIE called the strike Monday to press demands for the financially-strapped corporation to give a hike to bring workers "above the poverty line" and for the holding of a poll to determine which union the junior staff wanted as their bargaining agents. The Manpower Citizens Association (MPCA), which represents the junior staff, accepted the interim 50 per cent after pressing for a 200 per cent hike.

NAACIE said the corporation must pay at least 75 per cent, the maximum for state corporations to pay out under the government's budgetary guidelines, before the strike is called off. GEC spokesman Cordell Baird said that the company cannot afford to pay more than 50 per cent because of a shaky financial position. The GEC is being subsidised by government to the tune of 696 million Guyana dollars (one Guyana dollar = .80 US cents) this year.

Anything more than 50 per cent would mean that the electricity rates would have to be raised by more than the 95 per cent now being implemented, Baird said Thursday.

Suriname

Furor Over Expulsion of Diplomats From Holland

PY0805224091 Paramaribo Radio Suriname International in English 1730 GMT 8 May 91

[Text] Some hours after the Surinamese ambassador to Holland (?has told) that two Surinamese diplomats would be expelled, the Surinamese Foreign Ministry yesterday told the Dutch ambassador to Suriname that it would take a similar measure.

The Suriname Government, with the expulsion of the vice consul and assistant secretary at the Dutch Embassy, wants to protest against the expulsion of the Vice Consul (Mali Belesten) and Assistant Secretary (Romeo Antunes).

Both diplomats, who have been accredited in Holland for some years, have been accused by the Dutch Government of activities which are against their diplomatic status. The Dutch Government did not exactly say which activities are at stake.

The Government of Suriname does not agree with the reason given by the Dutch Government and has in its turn told two diplomats of the Dutch Embassy to leave the country within a week. Assistant Secretary (Hank Flemian) of the Dutch Embassy told our newsroom this morning that the expulsion of Surinamese diplomats from Holland as well as the fact that he and the vice consul have to leave Suriname has surprised them.

Both Surinamese diplomats, one of which is at the moment on vacation in Suriname, are also surprised with their expulsion from Holland.

Daily Warns of Foreign 'Military Intervention'

PY0805221891 Paramaribo Radio Suriname International in English 1730 GMT 8 May 91

[Text] The daily newspaper DE WARE TIJD yesterday reported that the United States of America, Holland, France, and Venezuela are considering a military intervention if Surinamese military leaders would resist pressures to end their influence on Surinamese politics. According to the newspaper, these countries have expressed support to the political combination new front (MDA 91), which has made known their intention to end military involvement in national politics. Front leader Fred Darby, however, says this political combination knows nothing about such measures and has not made arrangements with other countries on this question.

What the new front proposes in relation to the influence of military in politics will be made known in time to the electorate, says Darby, who is the chairman of the Suriname Labor Party. Deputy Chairman (Artie Asron) of the (FDS), another party in the front coalition, however, sticks to his [word indistinct] point that several options in relation to this matter were discussed by Surinamese and such politicians. (Asron), who had earlier confirmed he was aware of the (?adventure), said he strongly thought that the front was not informed about the intervention plans. The deputy chairman, however, repeated at that point that Surinamese should solve their problems themselves without the use of violence, without foreign interference.